

Honda ESG Data Book 2023

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1 Contents 02

2 Honda's Sustainability 03

 Basic Approach 04

 Sustainability Management Structure 05

 Materiality Analysis 06

 Stakeholder Engagement 07

 Honda's Initiatives and the SDGs 10

 External Evaluations 12

3 Environment 13

 Basic Approach 14

 Global Management 15

 Material Issues in the Environmental Dimension 17

 Responses to Climate Change and Energy Issues 18

 Efficient Utilization of Resources 22

 Preservation of Clean Air 25

 Other Important Issues 26

4 Social 32

Safety 33

Quality 47

Human Resources 63

Supply Chain 87

Social Contribution Activities 103

5 Governance 110

Corporate Governance 111

Compliance 124

Risk Management 127

6 Performance Data 132

 Environmental Data 133

 Social Data 143

 Governance Data 150

7 Data 153

 Assurance (Environment/Social) 154

 GRI Content Index 155

 Financial Data 161

Organizations covered

This report covers the entire Honda Group, which consists of Honda Motor Co., Ltd. and its 382 group companies in and outside of Japan (comprising 313 consolidated subsidiaries and 69 affiliated companies accounted for by the equity method). Sections that do not cover the entire Honda Group are indicated as such with a reference to the specific scope.

Period covered

Primarily, this report focuses on the activities undertaken during FY2023 (April 1, 2022 – March 31, 2023), including past background information and activities conducted up to the time of publication, as well as related matters, and future outlook and plans.

Standards

Honda ESG Databook has been compiled in accordance with GRI Standard 2021. For details, please refer to the GRI Content Index page (➡ p. 155).

- The guidelines referenced in calculations and/or the basis for those calculations are shown in the corresponding sections.

Assurance

The environmental and social data indicated with [checkbox] for the year ended March 31, 2023, received the independent practitioner's assurance.

Accounting standards

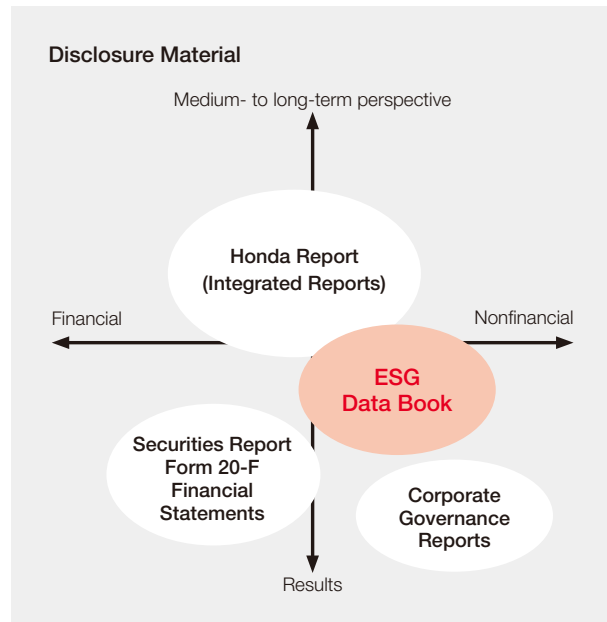
Figures up to FY2014 are compiled pursuant to generally accepted accounting principles in the United States (U.S. GAAP) while figures from FY2015 and thereafter are compiled pursuant to International Financial Reporting Standards (IFRS).

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Disclaimer
This databook contains past and current factual data of Honda Motor Co., Ltd. as well as plans and outlooks for future projections based on its management policies and strategies as of the date of publication. These future projections consist of assumptions or decisions derived from the information available at the time this report was produced. Please note that the results of future business activities and events may vary depending on changes in conditions and circumstances. This report may also contain corrections, restatements, or significant changes to the information provided in previous reports. We would like to kindly ask our readers to acknowledge the above.

Honda's Sustainability

2

2 **Honda's Sustainability**

> **Basic Approach** 04

Sustainability Management Structure 05

Materiality Analysis 06

Stakeholder Engagement 07

Honda's Initiatives and the SDGs 10

External Evaluations 12

Basic Approach

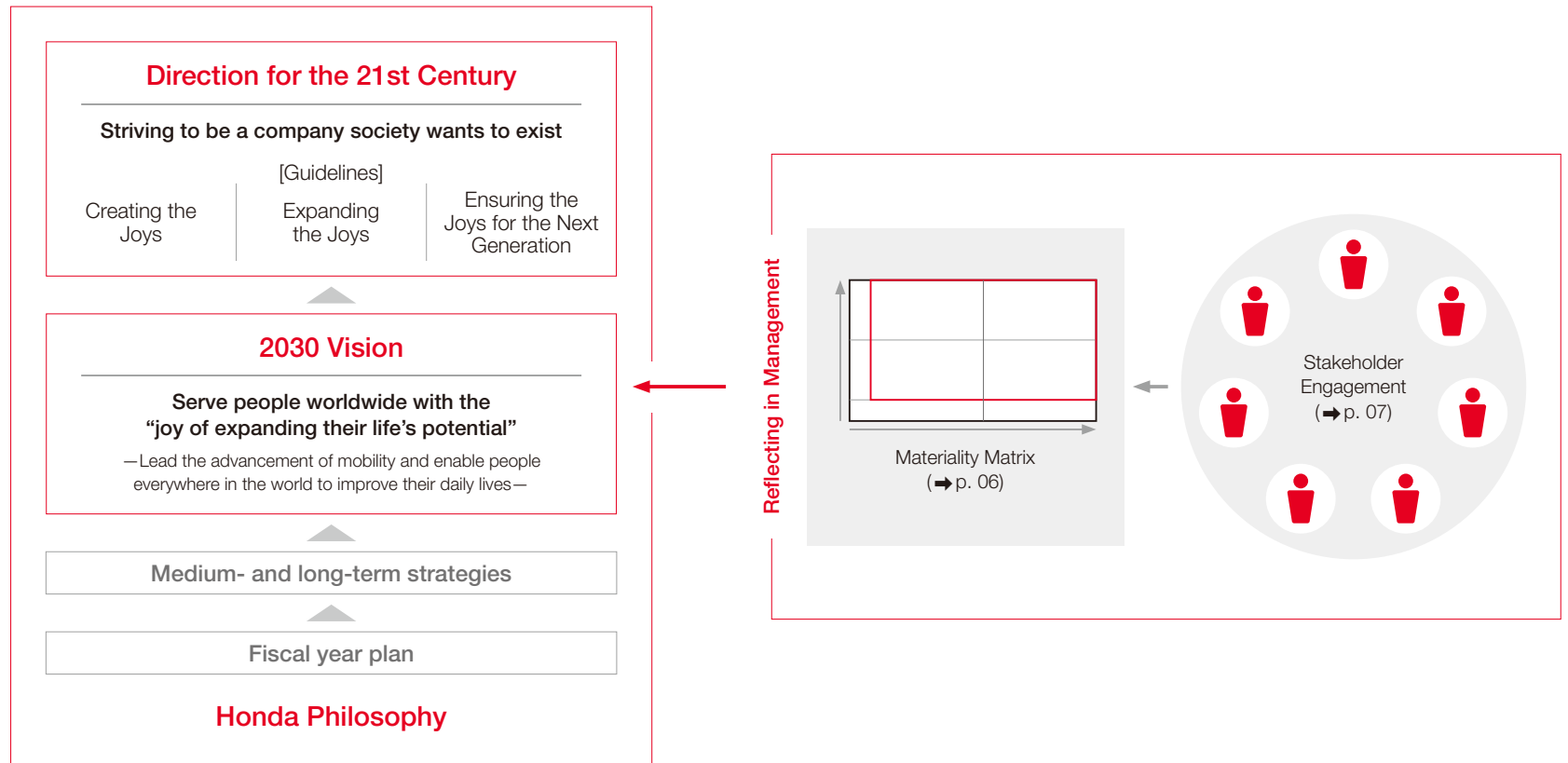
The Honda Philosophy forms the values shared by all Honda Group companies and all of their associates. It is the basis for Honda's corporate activities and the associates' behavior and decision-making.

To achieve both the creation of growth opportunities for the Company and a sustainable society, Honda has set "Striving to be a company society wants to exist" as its direction for the 21st century. It is also advancing initiatives known as "Creating the Joys," "Expanding the Joys" and "Ensuring the Joys for the Next Generation."

The "2030 Vision" is one milestone indicating in concrete terms the direction Honda ought to take toward realizing these objectives.

For Honda to achieve sustainability, it is important to meet stakeholders' expectations and needs by providing value through its products and services. Equally important is to fulfill its corporate social responsibility, for instance, by considering its impact on the environment and society and to contribute to the resolution of social issues through its business activities.

To this end, Honda devises medium- and long-term strategies that are based on the perspectives of both stakeholders and Honda itself. In determining these perspectives, Honda uses the materiality matrix as its guide and considers the roles it should play and contributions it should make, geared to the characteristics of each region around the world.



2 **Honda's Sustainability**

Basic Approach 04

> **Sustainability Management Structure** 05

Materiality Analysis 06

Stakeholder Engagement 07

Honda's Initiatives and the SDGs 10

External Evaluations 12

Sustainability Management Structure

Structure for Deliberating Sustainability Initiatives

Honda established the Corporate Integration Strategy Meeting chaired by the Chief Executive Officer (CEO) with the aim of building consensus on the company-wide direction based on recognition of the environment both internally and externally, as well as material issues that Honda as a whole should tackle. Policies and initiatives for sustainability issues are discussed and examined in the meeting.

While continuing activities to “increase Honda’s value of existence and receive due recognition from society by showing to the public its entire corporate activities rooted in the Honda Philosophy,” the Corporate Integration Strategy Meeting will plan company-wide strategies that reflect a sustainability perspective.

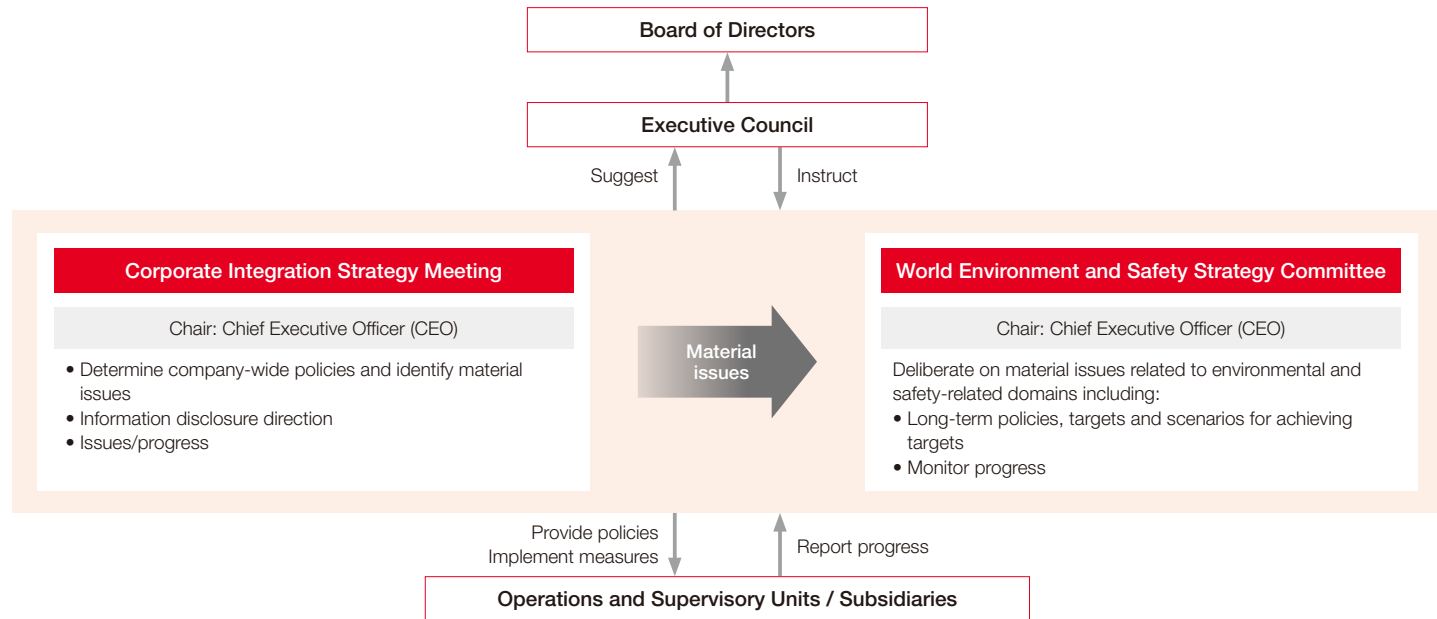
To promote and reinforce efforts in the environmental and safety-related

domains, which represent the most important material issue as a mobility company, Honda has established the World Environment and Safety Strategy Committee chaired by the Chief Executive Officer (CEO).

Since strategies in the environmental domain also include Honda’s response to climate change, the CO₂ emissions reduction targets set by the Committee are examined and decided by the Board of Directors.

Taking into consideration the material issues examined at these committees, Honda determines corporate strategies through the Executive Council and the Board of Directors. The Company then breaks them down into policies and measures for Operations and Supervisory Units and subsidiaries for actual execution.

Sustainability management structure from FY2021



2 Honda's Sustainability

Basic Approach 04

Sustainability Management Structure 05

> Materiality Analysis 06

Stakeholder Engagement 07

Honda's Initiatives and the SDGs 10

External Evaluations 12

Materiality Analysis

Evaluation of Issues from the Stakeholders' Perspective

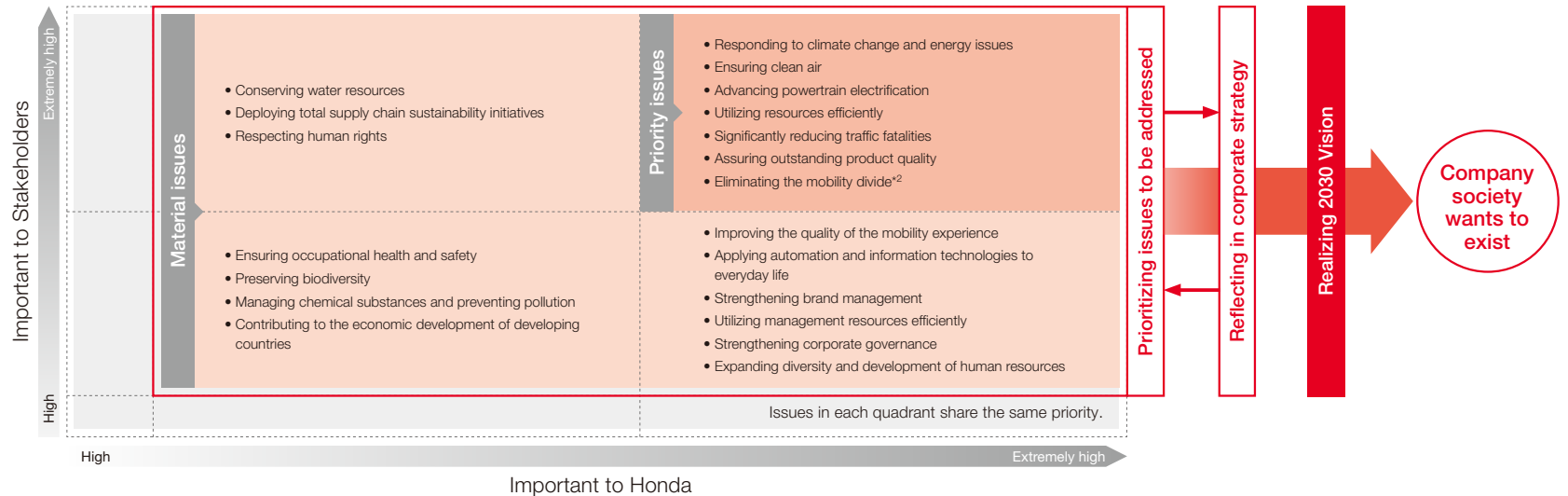
Toward achieving our long-term vision which is based on the Honda Philosophy, key issues to be addressed are identified and prioritized from our perspective and from the viewpoint of our stakeholders. The materiality matrix provides the essential framework for organizing these issues. By creating and employing this matrix, we confirmed the coverage of overall issues and clarified where each of them is positioned.

The materiality matrix was prepared in two stages: identifying issues and then categorizing them according to their materiality. Issues were identified through dialogue among members of respective business operations within the Company. The process also took into account various viewpoints including global and value chain perspectives, the status of technological innovation, the Sustainable Development Goals (SDGs)*1 and social issues pursuant to the Paris Agreement. We evaluated the materiality of these issues in light of the views of stakeholders through

dialogue with leading environmental, social and corporate governance rating agencies and NGOs in Europe and the United States that focus on sustainability issues. The contents were also evaluated and assessed by management at the Corporate Integration Strategy Meeting.

This resulted in the successful visualization of material issues on a priority basis as a mobility company, including the realization of a carbon-free and collision-free mobile society. We believe our efforts should contribute to the achievement of certain SDGs, notably Goal 13 "Take urgent action to combat climate change and its impacts"; Goal 7 "Ensure access to affordable, reliable, sustainable and modern energy for all"; and Goal 3 "Ensure healthy lives and promote well-being for all at all ages." Critical issues specified based on the views of stakeholders are being reflected in company-wide strategy and incorporated into respective business activities to achieve the Company's vision.

Materiality matrix



*1 The SDGs are international objectives related to such areas as poverty, hunger, energy, climate change and a peaceful society adopted at the United Nations Sustainable Development Summit in 2015.

*2 Disparity in quality of life between those who do and do not have access to mobility

2 **Honda's Sustainability**

- Basic Approach 04
- Sustainability Management Structure 05
- Materiality Analysis 06
- > **Stakeholder Engagement** 07
- Honda's Initiatives and the SDGs 10
- External Evaluations 12

Stakeholder Engagement

Basic Approach

To be a “company society wants to exist,” Honda must put into practice a communication cycle. This means to: 1) appropriately and accurately convey to society the value that it seeks to provide; 2) engage in dialogue with diverse stakeholders to grasp and understand the demands and expectations placed on the Company; 3) translate these into concrete measures and implement them; and 4) listen to stakeholders’ evaluations of its activities.

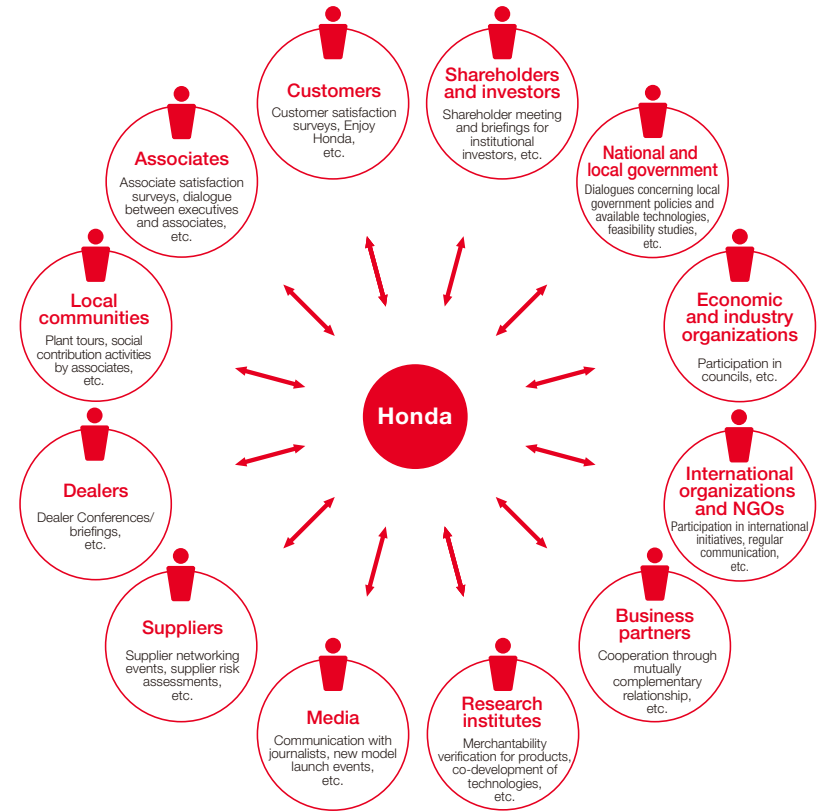
Especially in recent years, the growing scale and globalization of companies, along with the rapid proliferation of IT, have heightened the impact of companies on society, and vice-versa. As this process continues to accelerate, Honda considers that stakeholder dialogue is a beneficial tool that leads to a proper understanding of stakeholders regarding the Company’s initiatives while also giving the Company an understanding of changes and risks in the social environment.

Based on this understanding, Honda engages in dialogues globally through various opportunities. These dialogues are conducted between key stakeholders (that are either impacted by Honda’s business activities or whose activities impact Honda’s business activities) as shown in the diagram indicated at the right and respective divisions within Honda.

As an example, engagement with shareholders and investors consists of dialogue aimed at ensuring that Honda is understood accurately through shareholder relations and investor relations activities.

In addition, opinions gained from dialogues with leading ESG rating agencies and NGOs are reflected in the Materiality Analysis (➔ p. 06), which is utilized in identifying issues Honda ought to be addressing.

Stakeholder engagement





2 Honda's Sustainability

Basic Approach 04

Sustainability Management Structure 05

Materiality Analysis 06

> Stakeholder Engagement 07

Honda's Initiatives and the SDGs 10

External Evaluations 12

Stakeholder Engagement

Examples of initiatives in FY2023

| Stakeholder | Key means of dialogue | Overview | Frequency | Corresponding items in the materiality matrix | Point of contact | Reference |
|--------------------------------------|---|---|--------------------------------|---|---|-----------|
| Customers | Customer satisfaction survey | To ensure customer satisfaction worldwide, we conduct a customer satisfaction survey for customers who have received after-sales service at a dealer around the world and engage in improvement activities to provide high-quality service operations. | Annually | Strengthening brand management | Customer-related divisions | → p. 55 |
| Shareholders and investors | Financial results press conference | We hold press conferences and web conferences to review our financial results and various initiatives. We use the feedback and requests thus obtained in maximizing our corporate value. | 4 times/year | | Finance divisions | |
| | Individual sessions and conferences | We hold sessions and opinion exchange meetings to explain our financial conditions as well as production, R&D, and business strategies. We use the feedback and requests thus obtained in maximizing our corporate value. | Year round | | | |
| Suppliers | Suppliers Conferences | We hold periodic conferences to share with suppliers the direction of our business and the substance of our initiatives and to communicate Honda's company-wide policies and purchasing policies. We also present Supplier Awards to recognize those suppliers who have achieved outstanding results in each aspect of QCDDDE*. At the end of a conference, we conduct a questionnaire survey for participants to identify their level of satisfaction and what can be improved for the next event as an effort to further enhance this activity. | Annually | Assuring outstanding product quality Deploying total supply chain sustainability initiatives | | → p. 102 |
| | Business plan networking events and meetings to share business status | We share our medium- to long-term management policies, business plans, and information on sustainability-related matters (ESG issues, compliance, corporate governance, and risk assessment). | Annually | Assuring outstanding product quality Deploying total supply chain sustainability initiatives | Purchasing divisions | |
| | ESG inspection of suppliers | We conduct an ESG inspection for key suppliers to prevent compliance violations and reduce our environmental impact in accordance with the Honda Supplier Sustainability Guidelines. (→p. 90) | Annually | Deploying total supply chain sustainability initiatives Strengthening corporate governance | | → p. 95 |
| Economic and industry organizations | Participation in activities of industry organizations | We participate in various councils to identify the expectations and demands of society through activities of industrial organizations, create a sustainable business environment and contribute to society. | Year round | | Division in charge of government and industry relations, others | |
| International organizations and NGOs | Participation in international initiatives | We participate in various councils to identify the expectations and demands of society and contribute to society, toward the realization of a sustainable society. | Year round | | Divisions in charge of sustainability planning, others | |
| Local communities | Driving safety promotion activities | Honda adheres to the global safety slogan "Safety for Everyone" and takes an active role in promoting traffic safety for all members of society who participate in transportation, from children to the elderly. This is achieved through the principles of "safety handed down from person to person" and "participatory experiential education," as well as the use of safe driving support technology to prevent accidents. Honda is currently engaged in traffic safety promotion activities in 43 countries and regions worldwide. | Year round | Significantly reducing traffic fatalities | Divisions in charge of promoting driving safety | → p. 34 |
| | Helping people with disabilities who want to resume driving | We aim to reduce the gap in social participation by expanding transportation options, and we support the establishment of a support system in the local community for people who wish to resume driving by providing welfare vehicles (driving support devices) and supporting occupational therapists and others. | Year round | Eliminating mobility divide | | → p. 40 |
| | Beach clean-up project | We undertake joint activities among members of the Honda Group and local residents to clean up the beaches using our originally developed equipment. Since the launch of the project in 2006, we have conducted the activities about 406 times on various beaches across Japan, and the cumulative total of beach trash collected by the project amounts to 520 tons. | | | Divisions in charge of promoting social contribution activities | → p. 106 |
| | Activities to conserve satoyama landscapes | We have concluded an agreement with Hachioji City, Tokyo, in which Honda's associates and their families carry out satoyama landscape conservation activities within the Kamikawa no Sato special green conservation area. | Year round | | | |
| National and local governments | Support for disaster-affected areas | We provide product supports and donations to disaster-affected areas in the event of disasters. | | | Divisions in charge of promoting social contribution activities, others | |
| Associates | Activity measurement | We are taking initiatives to measure and improve employee engagement for creating a more comfortable and conducive work environment. | Activity measurement: Annually | Expanding diversity and the development of human resources | Human resources divisions | → p. 80 |

* Quality, cost, delivery, development, and environment



2 **Honda's Sustainability**

- Basic Approach 04
- Sustainability Management Structure 05
- Materiality Analysis 06
- > **Stakeholder Engagement** 07
- Honda's Initiatives and the SDGs 10
- External Evaluations 12

Stakeholder Engagement

Cooperation with External Organizations

To carry out its responsibility as a global mobility company, Honda engages in dialogues with government, economic and industry organizations and also cooperates with external bodies. In Japan, Honda executives serve as vice chairman and committee head within the Japan Automobile Manufacturers Association (JAMA); committee head in the Japan Business Federation (Keidanren); and vice chairman and committee head in the Tokyo Chamber of Commerce and Industry.

In addition, Honda executives serve as committee and working group chairs and other representatives in the international motorcycle and automobile industry bodies such as The International Motorcycle Manufacturers Association (IMMA) and Organisation Internationale des Constructeurs d'Automobiles (OICA). Furthermore, Honda cooperates with initiatives related to sustainability through membership in the World Economic Forum (WEF) and the World Business Council for Sustainable Development (WBCSD).

At Honda, we delegate authority to Regional Operations within a certain scope when executing business in respective regions in order to enhance local autonomy and enable speedy decision-making. Political contributions* can be made following required internal procedures based on the laws and regulations of respective countries.

* Political contributions were made to the People's Political Association in the amounts of ¥25 million in FY2020, ¥25 million in FY2021 and ¥25 million in FY2022. Honda has confirmed that these expenditures do not infringe on the Honda Guidelines for the Prevention of Bribery and Corruption.

Appropriate Advertising and Publicity

Honda engages in advertising, publicity, and sales promotion activities in good faith so as to constantly meet the trust and expectations of customers and society.

We properly engage in product advertising, publicity, and sales promotion activities to avoid misleading customers.



2 Honda's Sustainability

- Basic Approach 04
- Sustainability Management Structure 05
- Materiality Analysis 06
- Stakeholder Engagement 07
- > Honda's Initiatives and the SDGs 10**
- External Evaluations 12

Honda's Initiatives and the SDGs

Contribution to SDGs

In order to share joys with stakeholders, Honda seeks to contribute to the advancement of a mobile society with its original and useful technologies that anticipate the needs of the times.









This approach aligns with the United Nations' SDGs, specifically, Goal 9 "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation," Goal 12 "Ensure sustainable consumption and production patterns" and Goal 17 "Strengthen the means of implementation and revitalize the global partnership for sustainable development," and aligns with Honda's overall

corporate activities.

Honda also believes that creating value for society while pursuing economic value will lead to sustainable corporate management and ultimately contribute to the sustainability of society.

In accordance with the material issues for the realization of the 2030 Vision (➡ p. 06), Honda will contribute to the achievement of the SDGs through its corporate activities.

Initiatives by priority issue

| Priority issues | Honda's initiatives | SDGs supported by Honda |
|--|---|--|
| Responding to climate change and energy issues | <p>Initiatives for zero environmental impact (➡ p. 17)</p> <p>Responses to climate change and energy issues (➡ p. 18)</p> <p>Logistics initiatives (➡ p. 99)</p> <p>Reducing environmental impact together with suppliers (➡ p. 92)</p> | <p>With a view to leading the way in realizing a carbon-free society, Honda undertakes corporate activities while giving consideration to everything from the purchase of raw materials to end use of its products. Honda believes its measures against climate change, including vehicle electrification and the use of portable batteries and hydrogen energy, will lead to stabilizing food production, ensuring energy supply and facilitating the creation of more comfortable communities.</p>   |
| Advancing powertrain electrification | <p>Advancing powertrain electrification (➡ p. 20)</p> | |
| Preservation of clean air | <p>Preservation of clean air (➡ p. 25)</p> | <p>Honda is pushing ahead with the preservation of clean air and water resources by developing technologies to clean exhaust emissions from product usage and reduce the amount of harmful substances in the exhaust air and wastewater from production processes.</p>  |
| Utilizing resources efficiently | <p>Efficient utilization of resources (➡ p. 22)</p> | <p>Honda is cooperating and collaborating with both internal and external stakeholders to realize zero risk in relation to resources and waste generated during the stages spanning from resource procurement to product disposal. From the standpoint of resource circulation, Honda strives to offer products that fully contribute to the environment and reduce waste.</p>   |
| Significantly reducing traffic fatalities | <p>Toward a collision-free mobile society (➡ p. 34)</p> | <p>Under its global safety slogan, "Safety for Everyone," Honda aims to realize a collision-free society in terms of hardware and software through the development and spread of safety technologies for automobiles, such as the Honda SENSING advanced safety and driver-assistance system, while engaging in worldwide initiatives to provide education on traffic safety including motorcycles.</p>   |
| Eliminating the mobility divide | <p>Honda's Sustainability (➡ p. 04)</p> | <p>Honda seeks to provide more options of mobility to reduce the gap in social participation. As such, the Company is supporting the expansion of opportunities and venues for persons with disabilities to be active by providing welfare vehicles. Looking ahead, Honda will provide a sustainable means of mobility through its technologies and services and help resolve social issues through business activities while leveraging its unique strengths in having a broad range of businesses and products, including motorcycles, automobiles and power products.</p>  |



2 Honda's Sustainability

Basic Approach 04

Sustainability Management Structure 05

Materiality Analysis 06

Stakeholder Engagement 07

> Honda's Initiatives and the SDGs 10

External Evaluations 12

Honda's Initiatives and the SDGs

Initiatives by material issue

| Material issues | Honda's initiatives | SDGs supported by Honda |
|--|--|--|
| Conserving water resources | Conserving water resources (→ p. 26) | 6 CLEAN WATER AND SANITATION |
| Deploying total supply chain sustainability initiatives | Strengthening supply chain sustainability (→ p. 88) Reducing our environmental impact together with suppliers (→ p. 92) | 8 DECENT WORK AND ECONOMIC GROWTH, 13 CLIMATE ACTION, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |
| Respecting human rights | Human rights (→ p. 67) Honda human rights policy (→ p. 146) Initiatives related to diversity (→ p. 71) | 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |
| Utilizing management resources efficiently | Honda's Sustainability (→ p. 04) | 8 DECENT WORK AND ECONOMIC GROWTH |
| Strengthening governance | Corporate governance (→ p. 111) | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
| Expanding diversity and the development of human resources | Diversification aimed at leveraging total workforce strength (→ p. 69) Initiatives related to diversity (→ p. 71) | 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES |
| Ensuring occupational health and safety | Occupational health and safety (→ p. 81) | 8 DECENT WORK AND ECONOMIC GROWTH |
| Biodiversity conservation | Biodiversity conservation (→ p. 27) | 14 LIFE BELOW WATER, 15 LIFE ON LAND |
| Managing chemical substances and preventing pollution | Management and reduction of chemical substances (→ p. 27) | 3 GOOD HEALTH AND WELL-BEING, 6 CLEAN WATER AND SANITATION |
| Contributing to the economic development of developing countries | 2030 Vision (→ p. 04) | 1 NO POVERTY, 4 QUALITY EDUCATION |

2 **Honda's Sustainability**

- Basic Approach 04
- Sustainability Management Structure 05
- Materiality Analysis 06
- Stakeholder Engagement 07
- Honda's Initiatives and the SDGs 10
- > External Evaluations 12

External Evaluations

Honda Selected as a Component of the Dow Jones Sustainability World Index

In December 2022, Honda was selected for the sixth consecutive year as a component of the Dow Jones Sustainability World Index after being ranked within the top five in the global automobile sector in the annual review of the Dow Jones Sustainability Indices (DJSI), a key benchmark for socially responsible investing. At the same time, the Company was selected for the eighth consecutive year as a component of the Dow Jones Sustainability Asia/Pacific Index.

The DJSI are investment indices run by U.S.-based S&P Dow Jones Indices LLC. The sustainability of the world's leading companies is evaluated according to economic, environmental, and social criteria, and companies that demonstrate overall excellence are selected for inclusion in the indices.



Honda has been selected as a "Top 10%" company in S&P Global's Sustainability Yearbook - 2023 Rankings.

Honda has been recognized as a "Top 10%" company in the 2023 Sustainability Yearbook by S&P Global. The company was evaluated on its economic, environmental, and social performance, and chosen as an outstanding leader in sustainability.

In 2023, S&P Global evaluated over 7,800 companies across 61 sectors worldwide and selected 708 companies for inclusion in the Sustainability Yearbook.

In the automobile sector, Honda was one of just three companies chosen as a "Top 10%" enterprise, with just one company selected as "Top 1%" and none selected as "Top 5%."

It is worth noting that the evaluation criteria have been updated from previous years, with the previous "Gold Class," "Silver Class," and "Bronze Class" classifications now replaced with "Top 1%," "Top 5%," and "Top 10%."



Securing a B Rating in the CDP Climate Change Report 2022, Japan Edition

In March 2023, CDP released the results of a survey on climate change initiatives and the reduction of GHG emissions by major companies worldwide.

Honda received a B rating in the CDP Climate Change Report 2022, Japan edition.

CDP is an international NPO that provides a global system for measuring, disclosing, managing, and sharing important environmental information from companies and cities. Company initiatives to face environmental challenges are evaluated in relation to four elements: information disclosure, awareness, management, and leadership.

Please refer to pages 55 to 58 of the Company's integrated report, Honda Report 2022 for the items required by the FSB Task Force on Climate-related Financial Disclosures (TCFD), one of the CDP evaluation indices.

3

Environment

Material issues

- Responding to climate change and energy issues
- Ensuring clean air
- Advancing powertrain electrification
- Utilizing resources efficiently
- Conserving water resources
- Preserving biodiversity
- Managing chemical substances and preventing pollution

3 Environment

- > **Basic Approach** 14
- Global Management 15
- Material Issues in the Environmental Dimension 17
- Responses to Climate Change and Energy Issues 18
- Efficient Utilization of Resources 22
- Preservation of Clean Air 25
- Other Important Issues 26

Basic Approach

Honda Environmental and Safety Vision/Honda's Environment Statement

Ever since the 1960s, Honda has actively endeavored to solve environmental issues. In the 1970s, Honda developed the low-pollution CVCC* engine, which successfully reduced carbon monoxide, hydrocarbon and nitrogen oxide (NOx) emissions, making Honda the world's first automaker to comply with the U.S. Clean Air Act – a regulation considered to be the most stringent in the world at the time.

In 1992, Honda established the Honda Environment Statement, serving as the Company's guideline for all environmental initiatives. The statement articulates the basic stance towards reducing the environmental impact at every stage in the life cycle of its products, from product procurement to the design, development, production, transportation, sale, use and disposal stages.

In addition, for Honda to further promote the above-mentioned environmental initiatives and continue to be a company society wants to exist, the Honda Environmental and Safety Vision was established in 2011. Aimed at the realization of the joy and freedom of mobility and a sustainable society where people can enjoy life, as is declared in this vision, each of Honda's global business sites is engaging in the reduction of an array of environmental impacts. Such initiatives include the reduction of greenhouse gas (GHG) emissions, which are considered to be a cause of climate change, as well as energy use; the efficient use of resources, including water and minerals; and the appropriate treatment and reduction of waste, with the aim of conserving the global environment and biodiversity.

Honda will realize this vision by conducting these activities while sharing Honda's Environment Statement with everyone associated with Honda, including suppliers and distributors in addition to Honda Group companies.

Honda Environmental and Safety Vision

Realizing the joy and freedom of mobility and a sustainable society where people can enjoy life
Established in 2011

Honda's Environment Statement

As a responsible member of society whose task lies in the preservation of the global environment, the Company will make every effort to contribute to human health and the preservation of the global environment in each phase of its corporate activities. Only in this way will we be able to count on a successful future, not only for our company, but also for the world.

We should pursue our daily business under the following principles:

1. We will make efforts to recycle materials and conserve resources and energy at every stage of our products' life cycle—from research, design, production and sales to service and disposal.
2. We will make every effort to minimize and properly dispose of the waste and contaminants generated at every stage of a product's life cycle.
3. As a member of both the company and society, each associate will focus on the importance of making efforts to preserve human health and the global environment, and will do his or her part to ensure that the company as a whole acts responsibly.
4. We will consider the influence that our corporate activities have on the local people's health, environment and society, and endeavor to improve the social standing of the company.

Established and announced in June 1992

* CVCC: Compound Vortex Controlled Combustion



3 Environment

- Basic Approach 14
- > Global Management 15
 - Material Issues in the Environmental Dimension 17
 - Responses to Climate Change and Energy Issues 18
 - Efficient Utilization of Resources 22
 - Preservation of Clean Air 25
 - Other Important Issues 26

Global Management

Environmental Management Promotion Structure and Management Cycle

Honda recognizes that environmental issues such as climate change and energy/resource issues, which require global responses, are material issues that impact Honda's business operations. Based on this recognition, Honda established the Environmental Committee in 1991, chaired by the president and attended by the management, which became the World Environmental Committee in 1995 to discuss and formulate plans for environmental conservation activities at the global level. Since then, it has continued to be held every year as the World Environment and Safety Strategy Committee. This re-established Committee, chaired by the Chief Executive Officer (CEO), deliberates on the risks and opportunities concerning climate change, energy and resources, as well as short-, medium-, and long-term environmental strategies based on them. The Committee formulates global medium- to long-term environmental policies and plans based on company-wide policies and medium- to long-term management plans. All executives are involved in the decisions made by the Committee.

At respective Business Operations, an environmental manager and an environmental secretariat have been in place, and a PDCA cycle has been implemented for the promotion of environmental measures, based on the establishment of a system that covers all functions within the Business Operations. In each Region, the Six Region Environmental Secretariat Committee has been held, bringing together the environment-related divisions of each Regional Operation. After sharing information at this Committee, these divisions formulate their own specific action plans and implement necessary measures.

The progress of environmental initiatives and globally relevant themes discussed and coordinated between Business Operations and Regional Operations are consolidated in the Corporate Planning Supervisory Unit, which serves as the secretariat, and reported at the World Environment and Safety Strategy Committee. These are reflected in the next medium-term management plan and policies, and PDCA cycles are implemented at Business Operations, Regional Operations, and environment-related divisions, thereby continuously strengthening environmental management.

Risks related to environmental regulations and natural disasters caused by climate change are also identified as management and monitoring items, reflected in risk management activities, and integrated into company-wide priority risks (➡ p. 128).

Environmental Management System

Honda's existing global vehicle assembly and product assembly plants have acquired ISO 14001, an international certification for environmental management systems (as of March 2023).

Therefore, coverage of environmental management systems is virtually 100%. Honda is in the process of obtaining certification for newly built plants.

Current Status of Compliance with Environmental Regulations

In accordance with Honda's Environment Statement, the Company has introduced environmental management systems at all business sites and in each division. Along with promoting continuous efforts to improve environmental performance, it strives to comply with its own voluntary environmental standards, which are more stringent from an environmental perspective than any national or local regulations.

In the last five years, Honda has not committed any serious noncompliance with environmental laws and regulations, paid substantial fines/sanctions in breach thereof, or recorded any major chemical releases.

In addition, no environment-related complaints were received through the official complaint resolution program.



3 Environment

- Basic Approach 14
- > Global Management 15
 - Material Issues in the Environmental Dimension 17
 - Responses to Climate Change and Energy Issues 18
 - Efficient Utilization of Resources 22
 - Preservation of Clean Air 25
 - Other Important Issues 26

Global Management

Environmental Accounting

Environmental Accounting in Japan

To facilitate efficient environmental management, Honda tabulates the cost reduction and profit attributable to its environmental protection activities, thus working to keep abreast of their economic impact.

Going forward, Honda will continue to improve the accuracy of this data, considering it as an indicator of corporate value and as a tool for making environment-related management decisions.

Cost of environmental conservation activities and investments → p. 142

Economic benefits (effect on revenue and expenses) → p. 142

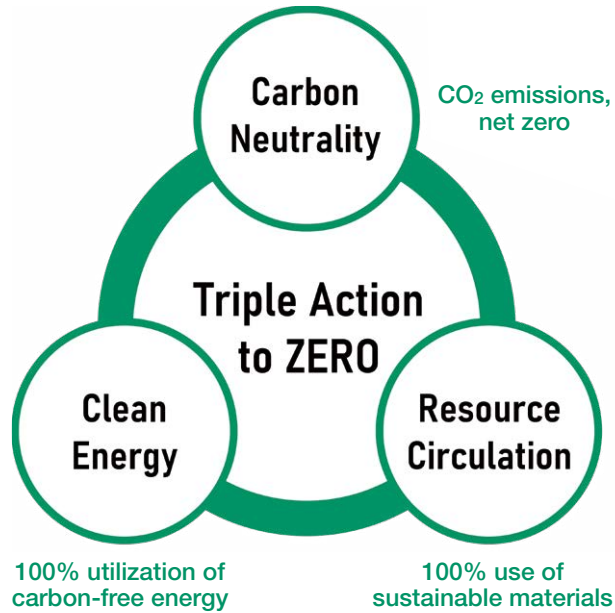
3 Environment

- Basic Approach 14
- Global Management 15
- > **Material Issues in the Environmental Dimension** 17
- Responses to Climate Change and Energy Issues** 18
- Efficient Utilization of Resources** 22
- Preservation of Clean Air** 25
- Other Important Issues** 26

Material Issues in the Environmental Dimension

Honda's Material Issues

Through Honda's proprietary technologies and business activities, the Company will work to tackle climate change and energy issues, the effective utilization of resources and the preservation of clean air, which are outlined as challenges in the materiality matrix, aiming to realize a zero environmental impact society in the future.



Triple Action to ZERO

In order for people to live on Earth in a sustainable manner, Honda seeks to realize a society with zero environmental impact. Accordingly, the Company established the Triple ZERO initiative, a concept for environmental initiatives, and in 2021, it set Triple Action to ZERO, which defines specific target years and actions.

Efforts will be centered around the Triple Action to ZERO, which integrates three elements, namely carbon neutrality, clean energy and resource circulation, into one concept. Under this concept, Honda is considering and implementing measures while taking into account a linkage of the three elements. The Company recognizes that this will lead to the acceleration of initiatives in international frameworks and to Nature-based Solutions (NbS)* that are attracting increasing interest from stakeholders.

CO2 emissions, net zero by 2050

To address climate change issues, Honda will work toward a target of limiting the global average temperature rise to 1.5°C above pre-industrial levels by reducing carbon emissions from corporate activities and throughout the product life cycle.

100% utilization of carbon-free energy by 2050

To address energy issues, Honda will go a step beyond its conventional initiative of reducing energy risks and aim to use clean energy both during product use and in corporate activities.

100% use of sustainable materials by 2050

To address the effective utilization of resources, Honda will go beyond its previous initiative aimed at reducing the risks related to resources and waste disposal by taking on the additional challenge of developing products and creating systems that use sustainable materials and have zero environmental impact.

In the area of corporate activities, Honda aims to achieve “zero” industrial water intake and industrial waste at Honda plants by 2050.

* Nature-based Solutions (NbS): Initiatives that address social issues while preserving and restoring natural ecosystems



3 Environment

- Basic Approach 14
- Global Management 15
- Material Issues in the Environmental Dimension 17
- > Responses to Climate Change and Energy Issues 18
- Efficient Utilization of Resources 22
- Preservation of Clean Air 25
- Other Important Issues 26

Responses to Climate Change and Energy Issues

Climate Change: Risk and Opportunity Analysis Based on Multiple Scenarios

Honda performs scenario analysis, noted as an important tool in the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and creates strategies based on multiple scenarios for today and for the future.

Each scenario contains uncertainty caused by changes in various factors, which makes it important to conduct analysis and verification assuming different situations. Honda believes that identifying risks and opportunities in respective scenarios will enable more sustainable corporate management.

Accordingly, Honda has developed strategies based on multiple scenarios. The Company utilizes these strategies in undertaking business and promoting products and seeks to reduce risks and create opportunities, thereby ensuring that it offers services and products with greater resilience.

The Honda Report 2022 discloses Honda's initiatives to address risks and opportunities. In response to the risks and opportunities identified, Honda is enhancing the resilience of its strategies and implementing a variety of initiatives.

Honda's Approach

While the mobility environment is currently undergoing a period of dramatic changes, Honda is moving forward with its response to climate change through initiatives that link Honda's business strategy to its environmental strategy. The Company is proactively striving to reduce its environmental impact while foreseeing changes in the global marketplace and among customers as well as making contributing to the lives of customers its priority.

In October 2020, Honda announced its intent to realize carbon neutrality. Going a step further, in April 2021 the Company announced its vision to "realize carbon neutrality for all products and corporate activities Honda is involved in by 2050" in order to achieve a circular society with zero environmental impact. The concept behind this vision is to reduce carbon emissions based on the targets laid out in the Paris Agreement to keep the temperature rise below 1.5°C.

In order to make steady progress toward carbon neutrality by 2050, Honda has defined corresponding targets and has been promoting efforts accordingly. In the area of products, in addition to the respective ratios of electrified products for motorcycles, automobiles, and power products in global sales, Honda has selected another 2030 milestone concerning the reduction rate of CO₂ emissions intensity from the use of its products.

In the area of corporate activities, Honda aims to reduce its total CO₂ emissions by 46% from FY2020.

Honda plans to realize its first carbon-neutral plant in FY2026 at the Saitama Factory's assembly plant to achieve the 2050 carbon neutrality target.

Honda has started operating an internal carbon pricing (ICP) system from 2023 to further accelerate the reduction of CO₂ emissions at its Japanese business sites. The carbon price is set at 15,000 yen per metric ton of CO₂, and the amount of carbon reduction is converted into a monetary value that can be used as one of the factors when making capital investment decisions. The Company will continue to revise the system and apply it to its global sites in light of social conditions and internal performance.

There is more than one approach to the protection of the global environment, and efforts to maximize the use of renewable energy are also crucial. Recognizing that there are diverse approaches to reducing CO₂ emissions, Honda has formulated a "multi-pathway" concept to proactively offer environmentally friendly products matched to each region.

3 Environment

- Basic Approach 14
- Global Management 15
- Material Issues in the Environmental Dimension 17
- > Responses to Climate Change and Energy Issues 18
- Efficient Utilization of Resources 22
- Preservation of Clean Air 25
- Other Important Issues 26

Responses to Climate Change and Energy Issues

Product Initiatives

Three Initiatives to Reduce GHG Emissions

Emissions from the “use of products” account for approximately 80% of CO₂ emissions in Honda’s entire product life cycle. In light of this, Honda works to reduce CO₂ emissions during the usage of all of its products, and manufactures and sells items that can be supplied with confidence as environmentally friendly products.

To date, Honda has carried out the following three initiatives to reduce GHG emissions, most notably CO₂ emissions, while expanding production and sales globally.

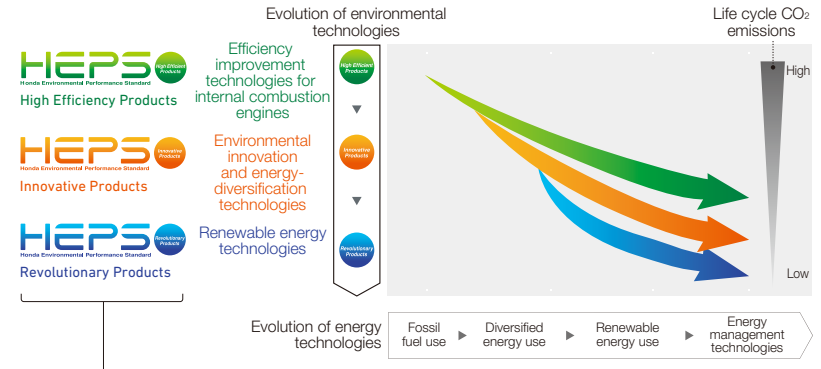
- (1) Reducing CO₂ emissions by improving the efficiency of internal combustion engines
- (2) Reducing CO₂ emissions by applying environmentally innovative technologies and diversifying energy sources
- (3) Eliminating CO₂ emissions through the use of renewable energy and total energy management

By implementing these initiatives in phases, Honda will steadily and ultimately reduce CO₂ emissions to net zero.

Honda has been undertaking the three initiatives in accordance with the Honda Environmental Performance Standard (HEPS), which is a set of unique and advanced-level product guidelines formulated in 2011. As a result of the certification of products that were launched in FY2023, 21 motorcycle models, 26 automobile models and 2 power product models — a total of 49 models — were HEPS-certified. This brings the number of HEPS-compliant products to 218 motorcycle models, 94 automobile models and 64 power product models, or 376 models in total.

In addition, there were no violations in product and service information or labeling in general.

DATA Global Number of HEPS-compliant models → p. 141



● High-Efficiency Products

Products that emit less CO₂ emissions thanks to improved internal combustion engine efficiency. This category includes products that incorporate technologies for improving fuel combustion and transmission efficiency and reducing friction between engine parts. Compliance is determined based on how well a product reduces or helps reduce CO₂ emissions during use compared to preceding models.

● Innovative Products

Products that emit less CO₂ by using an environmentally innovative technology or an alternative energy source. This category includes motorcycles that incorporate Honda’s patented Idling Stop System, automobiles that incorporate hybrid technologies or direct injection engine technologies, and power products with electronic fuel injection (FI). Alternative energy technologies include motorcycles and automobiles that can run on ethanol and power products that can run on gaseous fuels. Compliance is determined based on how well a product reduces or helps reduce CO₂ emissions during use compared to preceding models.

● Revolutionary Products

Products that reduce or eliminate CO₂ emissions by harnessing renewable energy or facilitating total energy management. This category includes products that incorporate electromotive technologies or technologies for using renewable energy.

3 Environment

- Basic Approach 14
- Global Management 15
- Material Issues in the Environmental Dimension 17
- > Responses to Climate Change and Energy Issues 18
- Efficient Utilization of Resources 22
- Preservation of Clean Air 25
- Other Important Issues 26

Responses to Climate Change and Energy Issues

Advancing Powertrain Electrification

Honda views changes in social needs and the social structure induced by climate change and energy diversification as key challenges and actively promotes product electrification. Increasing the lineup and use of electrified products will contribute to reducing CO₂ emissions when in use, which in turn will lead to lower climate change risks, while addressing energy issues by making use of renewable energy.

In addition, the battery mounted on electrified vehicles can be used as a power source for leisure activities or during an emergency, thereby improving the quality of customers' lives.

Based on this belief, Honda has set the target of electrifying 15% of motorcycles, 30% of automobiles and 36% of power products, respectively, as a ratio of global sales in 2030, and to reduce the rate of CO₂ intensity*² by 34.0% for motorcycles, 27.2% for automobiles and 28.2% for power products (compared to FY2020).

To achieve this goal, the Company is seizing all new business opportunities by enhancing and upgrading its product lineup.

| | Motorcycles | Automobiles | Power products |
|---|-------------|-------------|----------------|
| | | | |
| Targeted sales ratio of electrified products* ¹ | 15% | 30% | 36% |
| Targeted reduction rate of the CO ₂ emissions intensity of product use | 34.0% | 27.2% | 28.2% |

*1 Sales ratio of battery-powered electric motorcycles and electric bicycles for motorcycle products; battery-powered electric vehicles and fuel cell vehicles for automobile products; and electrified products for power products.

*2 Global average by product

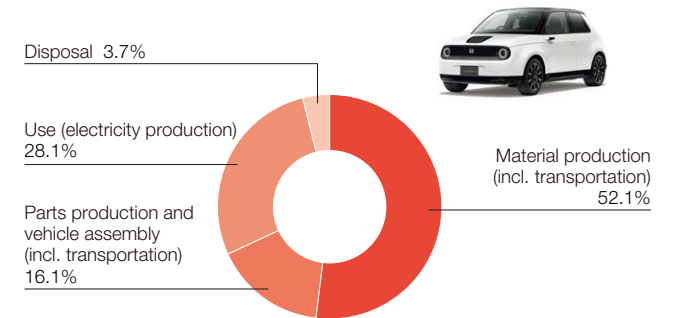
Promoting Life Cycle Assessment (LCA)

Honda recognizes that the promotion of LCA is an important initiative not just in reducing CO₂ emissions across product life cycles, from raw material procurement to product disposal, but also in implementing efforts for Triple Action to ZERO.

Honda has been quantitatively calculating and assessing CO₂ emissions from all business activities by using its original Life Cycle Assessment (LCA) system. Accordingly, the production, purchasing, sales and service, administration and transportation departments have been carrying out activities geared toward lower carbon emissions.

Honda has established procedures for calculating the environmental impact of its products during their life cycle and obtained third-party certification by TÜV Rheinland in Germany in 2023. This certification is based on the ISO 14040 and ISO 14044 standards. In the future, Honda will utilize LCA more broadly while making more proactive efforts in devising low-carbon solutions at the development stage and also reducing the environmental impact through resource circulation.

Total CO₂ emissions calculated by Honda's LCA system



3 Environment

- Basic Approach 14
- Global Management 15
- Material Issues in the Environmental Dimension 17
- > Responses to Climate Change and Energy Issues 18
- Efficient Utilization of Resources 22
- Preservation of Clean Air 25
- Other Important Issues 26

Responses to Climate Change and Energy Issues

Corporate Activities Initiatives

With the aim of achieving net zero CO₂ emissions and wholly deriving power from carbon-free energy sources in corporate activities by 2050, Honda is focusing on a reduction in energy consumption and CO₂ emissions while giving consideration to the potential for expanding production and sales globally.

Toward the realization of these targets, Honda has been promoting the reduction of carbon emissions by making efforts in terms of increasing production efficiency, encouraging energy-saving initiatives, shifting to low-carbon energy sources and utilizing renewable energy.

Honda plans to realize its first carbon-neutral plant in FY2026 at the Saitama Factory's assembly plant to achieve the 2050 carbon neutrality target.

In deploying the technology built at the plant globally, the Company has built a mechanism for promoting information sharing among business sites and regions while at the same time enhancing technical support from Japan.

In addition, Honda is actively introducing renewable energy around the world. Honda preferentially adopts a method that can directly contribute to the reduction of CO₂ in local communities. More specifically, the Company focuses on installing new power generation facilities, first examining the installation within its premises and then gradually expanding the scope to outside the premises for greater use of the facilities.

Honda's business sites across the world used 1,498GWh of power derived from renewable energy sources, such as solar and wind, in FY2023.

This is an increase of 694 GWh or 86% over the previous fiscal year.

Going forward, Honda will continue to use renewable energy matched to local conditions, including plans to expand solar power generation system capacity to 20 MW at the Kumamoto Factory by 2030.



Kumamoto Factory (5.35 MW)



Saitama Factory's assembly plant (2.0 MW)



Boiling Springs Wind Farm (120 MW)



3 Environment

- Basic Approach 14
- Global Management 15
- Material Issues in the Environmental Dimension 17
- Responses to Climate Change and Energy Issues 18
- > Efficient Utilization of Resources 22
- Preservation of Clean Air 25
- Other Important Issues 26

Efficient Utilization of Resources

Honda's Approach

Honda believes that the increasing difficulty in obtaining rare metals and other resources, as well as their depletion, could pose a significant risk to the continuation of its business, as they would affect the procurement of materials and parts necessary for the production of its products. Therefore, the Company considers the efficient utilization of resources as one of the material issues.

To ensure harmonious coexistence on Earth, Honda will reduce its consumption of limited resources, including mining and disposal, and strive to shift to a recycling-based value chain. In addition to preparing for the risks of resource procurement and price hikes, the Company aims to enhance customer value, contribute to stakeholders, and create economic value. Aiming for zero environmental impacts related to resources and disposal across the various stages ranging from resource procurement to disposal, Honda is tackling this issue through cooperation/partnership with internal/external stakeholders.

Product-based Approach

Honda has been actively promoting 3R (reduction/reuse/recycling) activities as well as ensuring proper processing when disposing of end-of-life products.

In addition, Honda has established internal milestones and has begun working to achieve its goal of the 100% use of sustainable materials by 2050, while promoting the creation of systems and technological research on reused, recycled and biomass materials of all parts and materials that make up its products.

Corporate Activities' Approach

Giving consideration to the risks involved in resource depletion and waste disposal that could potentially lead to environmental pollution, Honda aims to reduce the overall amount of waste generation. Accordingly, the Company has set the goal of reducing the total waste generation by 14.5% as compared to BAU in all corporate activities in FY2031.

For water resources as well, Honda is giving consideration to the water supply risk that affects its businesses and the depletion risk that impacts local communities. Honda has thus established the target of reducing the total industrial water intake by 14.5% as compared to BAU in all corporate activities in FY2031. In both areas of waste generation and water intake, the Company will remain committed to minimizing the environmental impacts.

Initiative for zero environmental impact related to resources and disposal

| | Development | Resource Procurement and Production | Sales and Use | Collection, Recycling and Disposal |
|-------------------------------|---|-------------------------------------|---|--|
| Reduction | Reduction of the number of parts, etc. | Initiatives for saving resources | | |
| Reuse/repurpose*1/refurbish*2 | Easy replacement of parts, prolonging lifespan, etc. | | Reuse (repurpose) (refurbish) of products | |
| Recycling | Easy to dismantle, separate, and recycle | Recycling of by-products | Recycling of end-of-life products | |
| | Development, application, and procurement of recycled materials | Reduction of substances of concern | | Compliance with the recycling law for end-of-life products |
| Biomass | Development, application and procurement of biomass materials | | | |

*1 Re-purpose: The act of utilizing one's own products (e.g., primary use) for various secondary purposes.
 *2 Refurbish: Adding new value to used vehicles by improving performance and service through the latest updates.



3 Environment

- Basic Approach 14
- Global Management 15
- Material Issues in the Environmental Dimension 17
- Responses to Climate Change and Energy Issues 18
- > Efficient Utilization of Resources 22
- Preservation of Clean Air 25
- Other Important Issues 26

Efficient Utilization of Resources

Initiatives in the Development Stage

Design Focusing on Reduction

Honda is making efforts in downsizing and weight reduction by considering alternative structures and materials for all components in each product, such as the body framework, engine and bolts. For example, the Company used thinner structural bumpers in the N-WGN as part of a reduction-oriented design geared toward creating a lighter product. The availability of materials with higher rigidity and fluidity along with advances in manufacturing technologies allowed Honda to reduce the weight of the previous design, which had an average thickness of 3.0 mm, by using less resin in bumper production. In Japan, Honda is progressively expanding the use of these enhanced structural bumpers in new models launched after the N-WGN. Overseas, it has begun rolling them out globally with the Civic. The Company expects to further reduce material use by applying the new design worldwide.

Design Focusing on Reuse/Recycling

Honda is engaging in structural design that takes into account easier recycling and maintenance, the use of easily recyclable materials and recycled resins, and the display of the material contents of resin/rubber components, etc. For automobiles, the Company uses easily recyclable materials for a wide array of exterior/interior components, such as inner weather-stripping and the outer surface of instrument panels, and at the same time has enabled the use of recycled materials for air conditioner ducts. In addition, Honda labels resin and rubber parts with their constituent materials wherever possible to facilitate recycling.

Honda has also conducted a preliminary recyclability assessment for each newly developed model since 1992 for motorcycles and since 2001 for automobiles. As a result of the activities mentioned above, with regard to the recyclable rate*1 for all new and redesigned vehicles sold in FY2022, Honda is maintaining more than 95% for both automobiles and motorcycles. Meanwhile, the recoverability rate for components/materials*2 used in power products was more than 95%.

*1 Index based on the "Definition of the Recyclable Rate for New Vehicles and Guidelines on the Calculation Method" issued by Japan Automobile Manufacturers Association, Inc. (JAMA)
 *2 Recyclable rate including the thermal energy recovered; in accordance with calculation methods for the recyclable rate for cars in ISO 22628, etc.

Initiatives in the Resource Procurement and Manufacturing Stage

Through strong partnerships with resource recycling companies such as Ascend Elements, Server Solutions, and POSCO Holdings, we actively utilize recycled resources to stabilize material procurement and strive for zero environmental impact.

Application of recycled aluminum

For motorcycles, Honda started applying recycled materials to aluminum casting for vehicle bodies at Kumamoto Factory in June 2023.

As for automobiles, materials using recycled aluminum sheets for vehicle bodies have been applied to several models, including Civic, at the production sites in the North America since April 2022.

Initiatives at the Product Use Stage

In January 2023, refurbishment initiative in the used car business started at some dealers in Japan.

Recovering and improving product value through refurbishing, adding new product value, and providing utilization services will lead customers to use up the products to the end, and increase opportunities to collect end-of-life vehicles, thereby making more efficient use of resources.



3 Environment

- Basic Approach 14
- Global Management 15
- Material Issues in the Environmental Dimension 17
- Responses to Climate Change and Energy Issues 18
- > Efficient Utilization of Resources 22
- Preservation of Clean Air 25
- Other Important Issues 26

Efficient Utilization of Resources

Recycling of End-of-Life Components

Honda collects and recycles end-of-life components generated from repair, replacement, etc., from dealers nationwide. In FY2023, the Company collected and recycled approximately 134,000 end-of-life bumpers. Collected bumpers are recycled and used for undercovers and other components of the Freed model. Honda will continue to recycle end-of-life components, including the collection/recycling of end-of-life hybrid vehicle drive batteries.

We have initiated horizontal recycling demonstration experiments for acrylic resin since August 2021 and have established the technology to manufacture tail light lenses from recovered tail light lenses from end-of-life vehicles.

Initiatives at the Disposal Stage

Initiatives for Automobiles

The Act on Recycling, etc., of End-of-Life Vehicles (automobile recycling law) requires automakers to collect and properly treat three items: fluorocarbons, airbags and shredder dust (Automobile Shredder Residue (ASR)).

In FY2023, the number of Honda automobiles collected was approximately 360,000 for fluorocarbons (-15.1% from the previous fiscal year), approximately 360,000 for airbags (-15.1%) and approximately 390,000 for ASR, the final phase in the end-of-life vehicle processing (-16.9%). The recycling rates for gas generators and ASR were 95.4% and 96.7%, respectively, both of which satisfy the recycling rates specified by the ordinance of the relevant ministry (at least 85% for gas generators and at least 70% for ASR).

Initiatives for Motorcycles

Honda joined hands with other motorcycle manufacturers in Japan and participating motorcycle importers and started to implement the voluntary recycling of motorcycles in October 2004. With the cooperation of related dealers, various companies in the motorcycle industry started this scheme to provide a safety net for the treatment of end-of-life motorcycles, the world's first of its kind. End-of-life motorcycles are collected at dealers and designated points of collection free of charge and are properly recycled at recycling facilities.

Regarding end-of-life motorcycles collected at designated collection points, there were 1,128 Honda products in FY2023, accounting for 69.3% of all units collected. The recycling rate of Honda products came to 97.8% on a weight basis, enabling it to achieve the target recycling rate of 95% since FY2014.

Corporate Activities Initiatives

Honda is making efforts to reduce the volume of waste generated through its business activities.

The Company is stepping up its 3R efforts, which include resource reduction initiatives, such as the reduction of by-products through an increase in throughput yields. Honda properly manages the import and export of waste deemed hazardous under the terms of Annexes I, II, III, or VII of the Basel Convention. In addition, the Company is striving to eliminate all use of ozone-depleting substances (ODS) at business sites in accordance with the Montreal Protocol and local laws and regulations in the countries in which it operates.



3 Environment

- Basic Approach 14
- Global Management 15
- Material Issues in the Environmental Dimension 17
- Responses to Climate Change and Energy Issues 18
- Efficient Utilization of Resources 22
- > Preservation of Clean Air 25
- Other Important Issues 26

Preservation of Clean Air

Honda's Approach

Honda recognizes that air pollution has been a critical issue since the 1960s when the pollution problem became serious and believes that air pollution in cities has a negative effect on people's health. The Company, therefore, has sought to resolve this issue through the development of technologies that clean the gases emitted from its products.

To date, Honda has achieved cleaner exhaust emissions from motorcycles by switching the engines of all its motorcycles on the market to four strokes, with the Honda Programmed Fuel Injection (PGM-FI) system being applied to more than 88% of models sold worldwide for better combustion efficiency.

With regard to automobiles, the Accord Plug-in Hybrid has become the first in the world to certify to SULEV*1 20 of California's LEV III*2 emissions regulations, deemed to be the toughest in the world.

In addition, Honda has introduced technologies to reduce emissions in advance of other advanced emission regulations, such as Euro 6 in Europe and Stage 6 in China, as well as particulate matter (PM) emissions, which are becoming increasingly stringent worldwide.

Honda is also contributing to the global effort toward cleaner exhaust emissions by progressively expanding the same technologies to emerging countries as those in developed countries.

As for power products, Honda has cleared compliance with United States Environmental Protection Agency Phase 3 regulations, the most stringent in the world, through engine enhancement technology without using a catalyst.

Honda will continue to reduce the harmful substances contained in the exhaust emissions from internal combustion engines and set milestones for the sales ratio of electrified products that do not emit exhaust gas while in use, to preserve clean air.

In the production of automobiles, the solvents found in paint and thinner used mainly in paint processes can generate Volatile Organic Compounds (VOC), the cause of photochemical oxidants. Honda has sought to reduce VOC emissions such as through the improvement of painting efficiency, the installation of equipment to remove VOC, and the introduction of Honda Smart Ecological Paint*3, a highly functional painting technology that shortens the automobile painting process, at the Saitama Factory's assembly plant.

Honda will continue to undertake these and other reduction efforts in the future. Honda believes that providing products with high environmental performance at reasonable prices and leading the industry in terms of cleaner exhaust emissions and air pollution response will serve to preserve clean air and bring about a greater opportunity for business expansion.

*1 Super Ultra Low Emission Vehicle
 *2 Low Emission Vehicle
 *3 A technology that eliminates a middle coating process from the commonly used 4-coat/3-bake auto body painting process, thereby realizing a 3-coat/2-bake water-based painting process.



3 Environment

- Basic Approach 14
- Global Management 15
- Material Issues in the Environmental Dimension 17
- Responses to Climate Change and Energy Issues 18
- Efficient Utilization of Resources 22
- Preservation of Clean Air 25
- > Other Important Issues 26

Other Important Issues

Conserving Water Resources

Cognizant of the potential for business activities to impact upstream and downstream water resources, Honda is also focusing on the conservation of water resources.

Since Honda seeks out communities where harmonious coexistence with nearby water sources is viable as potential plant locations, and builds plants in compliance with host countries' environmental assessment laws and regulations, no water sources are significantly impacted by the Company's water use. In addition, no water sources are affected by wastewater from Honda facilities since it treats wastewater and discharges treated water in accordance with applicable laws and regulations. Under these circumstances, Honda appropriately manages the amount of water used and works to manage and provide information on wastewater, which includes thorough quality control and the disclosure of water quality test findings.

In addition, to minimize water intake, various business sites are implementing initiatives based on regional circumstances, such as the utilization of recycled water and water conservation.

Honda verifies the water risk for all production sites using assessment tools such as Aqueduct and Water Risk Filter. Accordingly, Honda has prioritized the introduction of a water recycling system at the Celaya Auto Plant of Honda de Mexico S.A. de C.V. in Mexico, the Tapukara Plant of Honda Cars India Ltd. in India, and the No. 2 Plant of Guangqi Honda Automobile Co., Ltd. in China, where the water risk is particularly high.

Total consumption of recycled water at production sites amounts to about 3.86million m³ a year, accounting for about 16% of Honda's total annual water use.

Honda will continue to introduce its water recycling system around the world.

Honda strives to reduce the environmental impact during product usage. The Company's lineup of engines for outboard motors consists solely of four-stroke engines, with the aim of reducing water contamination by outboard motors around the world.

Honda has continuously undertaken conservation activities for forest watersheds since 1999 as part of its social contribution program. Production sites protect and manage the forest watersheds that they benefit from and strive to keep them optimized for each region. Aware of the fact that water is an indispensable resource supporting its business, Honda will continue implementing this activity.



3 Environment

- Basic Approach 14
- Global Management 15
- Material Issues in the Environmental Dimension 17
- Responses to Climate Change and Energy Issues 18
- Efficient Utilization of Resources 22
- Preservation of Clean Air 25
- > Other Important Issues 26

Other Important Issues

Management and Reduction of Chemical Substances

Honda works to ensure the appropriate management and reduction of the chemical substances contained in automotive components from the product design and development stages in order to reduce those materials that impact the environment.

Laws and regulations have been introduced in each country to ensure the appropriate management of chemical substances and the reduction of harmful substances contained in automotive components. These legislations are based on the goal set by the United Nations in 2002 of minimizing the impact of chemical substances on people and the environment by 2020.

The International Material Data System (IMDS), a mechanism for collecting information throughout the supply chain on the materials and chemical substances contained in components making up a vehicle, was developed in response to this trend largely by the German Association of the Automotive Industry. Honda is also tabulating and managing chemical substances via its independently developed global management system, called the Management System of Chemical Substances (MoCS), which collects information based on IMDS.

Honda promotes the management of chemical substances via MoCS to comply with the Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and other regulations on the use of substances of concern in each country. In addition, Honda is moving ahead with the reduction of four types of heavy metals (lead, mercury, hexavalent chromium and cadmium), in accordance with the European Directive on End-of-Life Vehicles (ELV Directive).

Biodiversity Conservation

Biodiversity is fundamental to the well-being of humanity, a healthy planet, and the economic prosperity of all people. Not only do we depend on biodiversity, but also biodiversity underpins all systems of life on Earth. The IPBES* Global Assessment Report on Biodiversity and Ecosystem Services, published in 2020, suggests that many of the approximately one million species face extinction within the next few decades. In June 2021, the G7 Cornwall Summit adopted the G7 2030 Nature Compact and declared the need for a nature-positive approach to reverse nature loss by 2030.

In operating its business, Honda benefits from natural resources. In addition to the procurement of raw materials, Honda depends on and affects a great deal of natural capital throughout its value chain, from research and development to manufacturing, use, and disposal.

Honda's basic approach is defined as follows: "We recognize, under Honda's Environment Statement, that biodiversity conservation initiatives are an essential part of our commitment to the preservation of the global environment. We will continue to work toward harmony between this commitment and our activities."

Honda also recognizes the need for biodiversity-conscious actions in its relationship with nature. Based on this recognition, the Company carried out tree-planting and water-recycling initiatives at its plants in the 1960s and launched the Community Forest program in 1976. In 2011, the Company established the Honda Biodiversity Guidelines. In line with the Guidelines, Honda is working to avoid or minimize impacts on nature, including air, water, and biodiversity, as well as to conserve and restore them. In addition, the Company conducts biodiversity impact assessments.

* Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

3 Environment

- Basic Approach 14
- Global Management 15
- Material Issues in the Environmental Dimension 17
- Responses to Climate Change and Energy Issues 18
- Efficient Utilization of Resources 22
- Preservation of Clean Air 25
- > Other Important Issues 26

Other Important Issues

Priority Analysis for Biodiversity Conservation

Biodiversity Assessment around the Company's Production Sites

Honda assesses the potential for its business activities to impact biodiversity using the Integrated Biodiversity Assessment Tool (IBAT), a biodiversity assessment tool.

The Company surveys its own 86 production sites around the world within a 50 km radius of each site to determine their proximity to areas inhabited by endangered species on the IUCN Red List.

In order to conduct specific biodiversity efforts, Honda uses indicators in IBAT such as the KBA*1, WDPA*2, IUCN*3 Red List of Threatened Species, and STAR*4 to conduct integrated assessments of the biodiversity risk of the production sites.

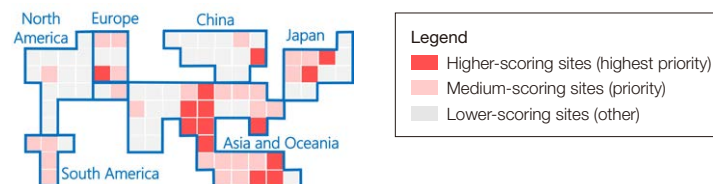
Honda will continue to identify priority sites and consider specific efforts to conserve biodiversity.

Honda assesses and identifies endangered species and priority sites in cooperation with BirdLife International Tokyo, a general incorporated association specializing in biodiversity assessment.

Endangered species assessment around the Company's production sites

| Region | Number of species (total) | Endangered species category | | |
|--|---------------------------|-----------------------------|-----------------|-----------------|
| | | CR (Critically Endangered) | EN (Endangered) | VU (Vulnerable) |
| Japan | 60 | 292 | 607 | |
| North America | 75 | 187 | 294 | |
| Europe | 62 | 136 | 305 | |
| Asia-Pacific excluding Japan and China | 647 | 1,547 | 4,538 | |
| China | 189 | 404 | 755 | |
| South America | 29 | 97 | 212 | |
| Africa & Latin America | 36 | 64 | 90 | |
| Total | 1,098 | 2,727 | 6,801 | |

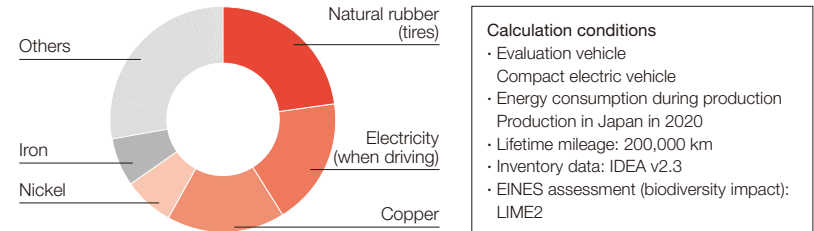
Assessment of biodiversity priorities at the Company's production sites



Biodiversity Assessment of Products

Products are made from a variety of materials, some of which may have an impact on biodiversity. Honda is therefore engaged in the primary assessment of the impact of materials used in its products on biodiversity. Based on the assessment results, the Company will conduct a more detailed analysis of materials that have a large potential impact, and consider ways to reduce the impact of its products on biodiversity.

Results of the primary assessment of biodiversity impacts



*1 Key Biodiversity Areas
 *2 World Database on Protected Areas
 *3 International Union for Conservation of Nature
 *4 Species Threat Abatement and Restoration Metric

3 Environment

- Basic Approach 14
- Global Management 15
- Material Issues in the Environmental Dimension 17
- Responses to Climate Change and Energy Issues 18
- Efficient Utilization of Resources 22
- Preservation of Clean Air 25
- > Other Important Issues 26

Other Important Issues

Specific Initiatives for Biodiversity Conservation

Activities to Protect and Restore Biodiversity

Mobility Resort Motegi in Tochigi Prefecture, Japan, which is 100% owned by Honda, covers an area of approximately 640 hectares, and is engaged in nature conservation activities in approximately 70% of its forests. There are approximately 5,800 confirmed species, including many rare species, among the inhabitants.

The area was unmanaged wooded areas and rice paddies, but Honda has improved the environment by cutting trees to let light into the forest, restoring terraced rice paddies and other riparian areas, and protecting and relocating endangered Haccho dragonfly (*Nannophya pygmaea*). Based on the idea that "improving the environment is not only about managing it, but also about creating it*," Honda is also working to create a diverse environment for living creatures at Mobility Resort Motegi. To create a sustainable forest, Honda conducts forest surveys (tree surveys, etc.) and monitoring surveys (registered as one of the Monitoring Sites 1000 by the Ministry of the Environment), and holds forest development workshops to nurture the people involved in forest development.



Haccho dragonfly confirmed at Mobility Resort Motegi

* Improving the forest environment is not only about reducing the density of the forest by logging to let in light and wind, but also about creating habitats for living creatures.

Collaboration with External Initiatives

In April 2022, Honda joined the 30by30 Roadmap, led by the Ministry of the Environment in Japan, and is promoting its efforts to obtain certification as an Other Effective area-based Conservation Measures (OECM) site, which is an area where biodiversity is being conserved.

In addition, Honda has been participating in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum since December 2022. The Company is committed to the proactive disclosure of information and will continue to further accelerate its efforts related to environmental conservation.



Japan: Biotope at an Automobile Assembly Plant

A biotope located at the Saitama Factory's assembly plant, which started operation in 2013. The biotope is home to endangered species such as *Hynobius tokyoensis* and *Lefua echigonia*, and along with monitoring and conservation activities, Honda is exterminating non-native species such as the red swamp crayfish and American bullfrog.



Biotope at the Saitama Factory

3 Environment

- Basic Approach 14
- Global Management 15
- Material Issues in the Environmental Dimension 17
- Responses to Climate Change and Energy Issues 18
- Efficient Utilization of Resources 22
- Preservation of Clean Air 25
- > Other Important Issues 26

Other Important Issues

U.S.A.: Habitat Conservation for Wild Honeybees

Honda Development & Manufacturing of the Americas' Ohio automotive production plant and research and development facility have unused land that is home to wild honeybees. Bees play an important role in supporting a healthy ecosystem and help pollinate approximately 80% of flowering plants. To protect the bees, the Company maintains approximately 5 hectares as the habitat and has built an apiary to support bee research.



Beekeeping activity

Belgium: Conserving Biodiversity at a Logistics Base

At Honda Motor Europe Logistics NV's logistics base in Aalst, the Company has expanded its greenbelt by planting black poplars, which are threatened due to habitat degradation and a lack of genetic diversity. The Company is also contributing to the maintenance of biodiversity by creating habitats such as ponds, insect hotels, and feeding stations for living creatures.



Insect hotel

* Sanjivani van: a Hindi term referring to a mythical forest associated with the herb "Sanjivani", which has healing properties and significant meaning in Hindu mythology.

Brazil: Nature Conservation at a Test Course

Moto Honda da Amazonia Ltda's motorcycle test course in Rio Preto da Eva is in the Amazon rainforest. In harmony with the environment, approximately 80% (802 hectares) of the site is maintained as a legally protected area. Agricultural projects here include the planting of fruits and vegetables as well as the restoration of endangered species such as mahogany, rosewood, and Brazil nuts.



Test course

India: Plant Greening in Consideration of Biodiversity

The Company created a 0.4 hectare mini-forest on the premises of Honda Motorcycle & Scooter India Pvt. Ltd.'s motorcycle plant in the state of Gujarat with the aim of creating a rich natural environment to protect the ecosystem. This forest, named "Sanjivani van*," is planted with more than 16,000 trees in 24 different categories. In addition, food residues are converted into compost and used for gardening in the forest.



Mini-forest

3 Environment

Basic Approach 14

Global Management 15

Material Issues in the Environmental Dimension 17

Responses to Climate Change and Energy Issues 18

Efficient Utilization of Resources 22

Preservation of Clean Air 25

> Other Important Issues 26

Other Important Issues

List of Targets

| Target Items | Targets for 2030 | Targets for 2050 |
|--|---------------------------|---|
| Reduction rate of total CO ₂ emissions from corporate activities (compared to FY2020) | 46% | |
| | | |
| Motorcycles | 15% | |
| Sales ratio of electrified products | 30% | |
| Automobiles | 36% | CO ₂ emissions, net zero |
| Power products | | |
| | | |
| Reduction rate of CO ₂ emissions intensity of product use (compared to FY2020) | 34.0% | |
| Motorcycles | 27.2% | |
| Automobiles | 28.2% | |
| Power products | | |
| | | |
| Reduction rate of total water intake in corporate activities (compared to BAU) | 14.5% | Zero industrial water intake and industrial waste |
| Reduction rate of total waste generation in corporate activities (compared to BAU) | 14.5% | |
| | | |
| Product resource circulation | (Set internal milestones) | 100% use of sustainable materials |

Social

4

4

Social

Safety

Material issues

- Significantly reducing traffic fatalities
- Applying automation and information technologies to everyday life

4 Social

- Safety 33
- > Basic Approach 34
 - Safety Initiatives 37
- Quality 47
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103

Basic Approach

Toward a Collision-Free Mobile Society

Based on the concept of "Safety for Everyone," Honda aims for a collision-free mobile society, where not only drivers and riders, but indeed everyone sharing the road, can safely and confidently enjoy the freedom of mobility.

In April 2021, Honda declared its goal of zero traffic collision fatalities* involving Honda motorcycles and automobiles worldwide by 2050 and is accelerating its safety initiatives.

Honda's safety initiatives began in the 1960s with its safe driving promotion activities, the first of their kind among motorcycle and automobile manufacturers. Honda's safety initiatives have now expanded to include everyone involved in traffic society, from drivers to pedestrians, from children to the elderly, and are being actively promoted not only in Japan but also in countries and regions around the world. In the area of technology, Honda has pioneered several new technologies across the world, based on the concepts of "setting higher targets exceeding regulatory requirements" and "if it does not exist, we will make it." In addition to these initiatives by individual Honda companies, Honda is also actively collaborating with governments, local communities, and individual companies to improve the road environment, among other things.

With the advancement of online services and other technologies, it is now possible to lead a life without moving around. However, Honda believes that people's curiosity will continue to drive them to expand their sphere of activities and enjoy the real world with its rich sensibilities. Ensuring safety is an important initiative to expand freedom of movement. Honda will continue to pursue safety that not only protects people, but also encourages their curiosity and enhances the joy of mobility.

* Traffic accidents involving Honda motorcycles and automobiles: Traffic accidents involving Honda motorcyclists and automobile riders, as well as pedestrians and bicyclists (i.e., all traffic participants, except for intentional and malicious violators of the rules, and persons who are incapable of fulfilling their responsibilities)

Global Safety Slogan

Safety for Everyone

Honda dreams of a collision-free mobile society where our customers, and everyone sharing the road, can safely and confidently enjoy the freedom of mobility.

Not only does Honda's slogan "Safety for Everyone" embrace its approach of pursuing safety in a way that matches each individual, but it also follows its belief that ensuring the safety of each member of society will consequently make society as a whole safer and mark a step forward to a collision-free mobile society.

4 Social

- Safety 33
- > Basic Approach 34
 - Safety Initiatives 37
- Quality 47
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103

Basic Approach

Direction of Activities

Honda is working on traffic safety with a focus on the three elements of human ability (awareness-building activities), performance of mobility (technological development) and traffic ecosystem (collaboration, and development of systems/services).

Human Ability

Honda believes that efforts are needed to support the enhancement of human ability, ranging from driving skills to psychological and mental aspects, such as cognition, judgment, and compassion toward others, for all people involved in traffic society. Honda will translate these efforts into awareness-building activities matched to individual awareness, experience levels and physical capabilities.

Performance of Mobility

Honda believes that a mix of capabilities is needed to appropriately complement or augment human ability. These include the capability to protect the human body, the capability to avoid collisions to the greatest extent possible, and the capability to capture the intention of a person and convey it to the vehicle and other people. Honda intends to gain an even deeper understanding of the human body and consciousness and evolve its efforts to develop more people-oriented technologies.

Traffic Ecosystem

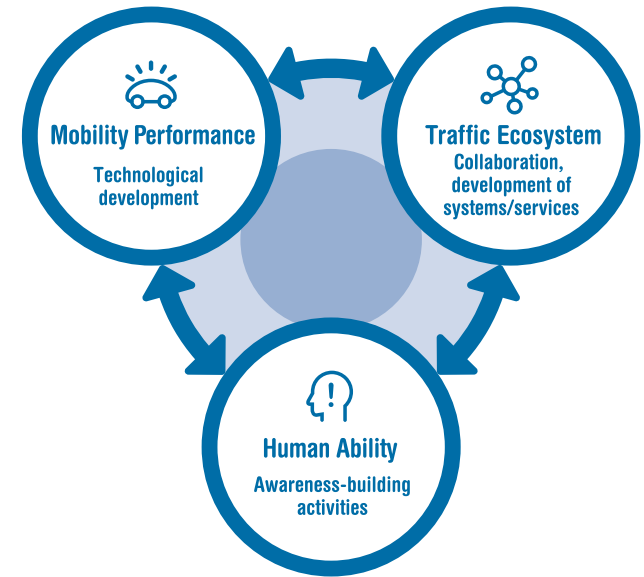
The traffic environment is subject to constant change due to traffic congestion, bad weather and various other factors. Honda believes that preventing accidents or mitigating their damage in such a traffic environment requires dynamically understanding its holistic picture (the traffic ecosystem). This encompasses the interrelation between the diverse elements, including pedestrians, motorcycles, and automobiles, that constitute the traffic environment as well as roads, telecommunications, and other infrastructure, and letting these elements connect organically. Honda will proactively work toward this goal through an open approach, including cooperation with various countries and regions and collaboration with other companies, thereby contributing to the healthy functioning of traffic society.

Honda will address traffic accidents caused by various factors by evolving the technologies and activities of the three elements of safety on an individual basis, as well as by combining each of them.

Three elements of safety

Development of technology to capture human intention and complement/enhance sensory abilities and/or skills

Contribution to creating environment and systems to bring people and mobility into harmony



Support for the enhancement of knowledge, awareness and experience of everyone involved in traffic society

4 Social

- Safety 33
- > Basic Approach 34
 - Safety Initiatives 37
- Quality 47
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103

Basic Approach

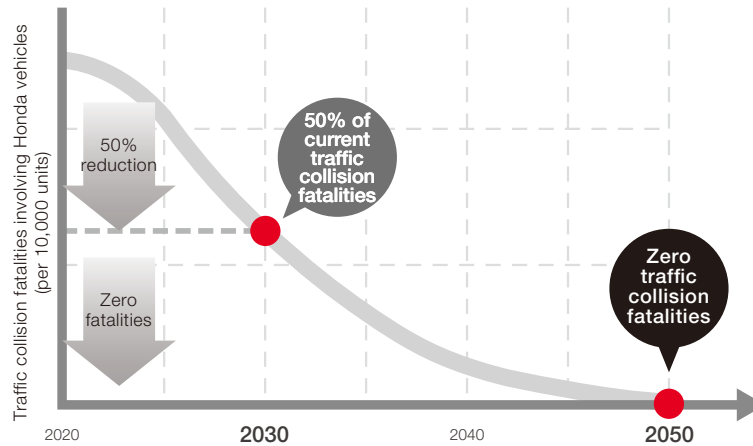
Aiming for Zero Traffic Collision Fatalities Involving Honda Motorcycles and Automobiles Worldwide by 2050

Honda aims to achieve zero traffic collision fatalities involving Honda motorcycles and automobiles worldwide by 2050. To achieve this goal, Honda has also set a milestone of halving the number of global traffic collision fatalities involving Honda motorcycles and automobiles by 2030*1. This applies not just to new models but also to Honda motorcycles and automobiles already on the market. Therefore, it is important to promote activities that lead to safety as well as produce vehicle models equipped with safety technologies.

<Toward 2030>

In this context, the biggest challenge in achieving the 2030 milestone is fatal motorcycle accidents in emerging countries. Honda has a social responsibility as the manufacturer with the largest supply of motorcycles.

Honda's safety targets



*1 Halve the number of traffic accident fatalities per 10,000 vehicles involving Honda motorcycles and automobiles worldwide in 2030 compared to 2020.

*2 A condition in which the automatic operation system replaces all driving operations in a limited area that meets specific driving environment conditions. However, during the operation of the automatic operation system, if there is a risk that the automatic operation system may not operate properly, an alarm will be issued to prompt the driver to perform driving operations, and the driver must respond appropriately.

To address this issue, Honda is employing educational activities in the hope of providing all people with opportunities to gain knowledge and skills in traffic safety, including safe driving.

Honda also aims to expand to motorcycles the application of advanced braking systems such as ABS and CBS as well as headlights that provide better visibility to riders and make them more visible to other road users. Honda also aims to extend the application of Honda SENSING with a motorcycle detection function to all automobile models.

In developed countries, as a further initiative, Honda is applying Honda SENSING 360, which has evolved into an omni-directional safe driving support system utilizing the knowledge and know-how accumulated through the research and development of Level 3 autonomous cars*2, to all automobile models.

Honda will also work with other companies to develop technologies that utilize telecommunications and other transportation infrastructure that will lead to the reduction of fatal accidents.

<Toward 2050>

These efforts through 2030 will reduce many traffic fatalities, but in order to achieve zero traffic accident fatalities involving Honda motorcycles and automobiles worldwide by 2050, it will be necessary to address vulnerable road users, such as pedestrians and riders of two-wheeled vehicles, including bicycles.

Therefore, we must ensure that these vulnerable road users are prepared at an earlier stage to avoid accidents in situations where they may occur. To realize this, Honda is promoting the research and development of Safe and Sound Network Technology, which connects all traffic participants (i.e., people and mobility vehicles) via telecommunications to predict risks before accidents occur and support accident avoidance.

4 Social

- Safety** 33
 - Basic Approach 34
 - > **Safety Initiatives** 37
- Quality** 47
- Human Resources** 63
- Supply Chain** 87
- Social Contribution Activities** 103

Safety Initiatives

Human Ability

Honda's Approach

In 1970, Honda established the Traffic Safety Promotion Operations in Japan and subsequently a department dedicated to promoting activities overseas within the Operations in 1972. Since then, Honda has been reinforcing its efforts overseas by establishing Traffic Education Centers* in various countries and cooperating with local dealers. As of March 2023, Honda is carrying out traffic safety promotion activities in 43 countries and regions throughout the world, including Japan.

Honda's activities are based on the ideas of "Safety handed down from person to person" by conveying the importance of traffic safety directly to customers at dealers and to provide "participatory experiential education" under the guidance of expert instructors.

In Japan, Honda has developed activities to deliver safety for all ages, from children to seniors, and provided education and actual training on traffic safety to more than 6.72 million customers to date in cooperation with Honda Traffic Education Centers, motorcycle and automobile dealers, local corporations, and schools.

Overseas, particularly in emerging countries, there are areas where regulations, traffic rules and road infrastructure are not yet fully developed even though motorization is rapidly progressing. As such, the increase in the number of fatal traffic accidents has become a social issue. Therefore, Honda is undertaking activities matched to the traffic situation of each country while collaborating with local governments and relevant organizations.

Countries and regions engaged in traffic safety activities



* Traffic Education Centers: Honda facilities where internal and external instructors on traffic safety are trained and driving safety education is provided to corporations, schools and individual customers

4 Social

- Safety 33
 - Basic Approach 34
 - > Safety Initiatives 37
- Quality 47
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103

Safety Initiatives

FY2023 Activities

Development of Activities in Asian Countries

■ Held the 1st ASIA-OCEANIA Honda Safety Instructor Competition

The 1st ASIA-OCEANIA Honda Safety Instructor Competition was held in Thailand on February 2 to 4, 2023.

The purpose of this competition is to share the basic concept of safety driving promotion activities through the improvement of driving knowledge/skills and mutual exchange among the instructors. Its scope of coverage has been expanded from that of the former competition, held since 2001 for Honda instructors in Thailand, to include safety driving instructors from the Asia-Oceania region.

Safety Riding Park of Thai Honda Co., Ltd. in Phuket was the venue for this competition, with a total of 116 participants from 12 countries and regions, including instructors from Traffic Education Centers in each country and instructors from local subsidiaries. The competition consisted of three motorcycle and three automobile categories in the area of safety driving techniques, and a presentation on improving educational methods to reduce traffic accidents in the area of instructional skills. In each category, the participants from each country competed against each other. Through this competition, the participated pledged to maintain and improve their instruction skills, and to do their utmost to promote safety driving in order to realize zero traffic collision fatalities by 2050.



Competitions



■ Driving Training and Education Facility Opened by Honda India Foundation in Collaboration with the Haryana State Government

On August 6, 2022, Honda India Foundation, in cooperation with the state government, opened a driving training and education facility in Karnal, Haryana.

Honda India Foundation is the CSR division of Honda Group companies in India.

Atsushi Ogata from the Foundation, stated, "Today's opening of the driving training and education facility in Karnal is new step forward in turning citizens into responsible drivers and riders. I would like to thank the Haryana State Government for helping us realize our global vision of zero traffic collision fatalities and carbon neutrality by 2050."

The facility provides drivers and riders with training programs that combine theory training, simulator training, and practical skills training. The state-of-the-art educational equipment allows participants to experience multiple driving conditions before driving on the road, and the facility also offers safety driving lessons according to customer requirements.



Overall view of facilities



Theory training

4 Social

- Safety** 33
 - Basic Approach 34
 - > **Safety Initiatives** 37
- Quality** 47
- Human Resources** 63
- Supply Chain** 87
- Social Contribution Activities** 103

Safety Initiatives

Collaboration with Traffic Education Centers

In Japan, Honda provides participatory experiential education matched to the needs of companies, organizations, and individuals.

At Honda's seven Traffic Education Centers across Japan, expert instructors train traffic safety leaders. In order to increase safety awareness and improve riding/driving skills, they also provide theory training and safety training using actual vehicles for companies, organizations, schools and individuals in dedicated training courses. In FY2023, Honda provided education to some 50,000 persons.

In Asian countries, traffic education was provided to approximately 3.33 million persons to raise safety awareness. Honda will continue to offer support matched to local needs, including its traffic safety know-how amassed in Japan and human resources development.

Collaboration with Local Communities

■ Development of materials for continuous education

In Japan, Honda offers educational programs and teaches instruction techniques to traffic safety instructors for conveying traffic safety in each local community.

Last year, Honda validated whether the use of its educational programs has led to changes in participants' behavior. The results showed that with the passage of time, participants' behavior returned to the level observed before the educational programs were provided, and therefore, continuous education is necessary.

Based on this fact, Honda considered developing educational materials that kindergarten or nursery/ elementary school teachers can provide short traffic safety education sessions, during morning and afternoon meetings. In the development of materials, for making children to aware safety behavior with fun, Honda asked for the opinions from teachers. Then, Honda developed education materials named "Sing, Dance and 'Stop, Meow!'" for kindergarten and nursery school children, and "Digital Traffic Safety Karuta (traditional Japanese playing cards)" for elementary school children.

Raising Traffic Safety Awareness among New Target Groups

■ Hands-on Safety Education Using Digital Technology

Honda has been conducting safe driving promotion activities for more than 50 years.

Among these activities, Honda has continued to focus on hands-on safety education and participatory experiential education. In recent years, with the spread of the Internet, we have created an environment in which we can disseminate information to an even greater number of people than ever before.

Last year, Honda utilized a web-based environment that facilitates customer participation and rolled out a YouTube program to promote safety awareness among the increasing number of riders with a Class 2 moped license, and delivery service providers in response to the increasing demand for deliveries. To date, the program has been viewed more than 90,000 times and has helped spread safety awareness in a new way. Honda will continue to evolve its activities to meet the needs of the times.



Utilizing education materials, "Digital Traffic Safety Karuta" and "Sing, Dance and 'Stop, Meow!'"



4 Social

Safety 33

 Basic Approach 34

 > **Safety Initiatives** 37

Quality 47

Human Resources 63

Supply Chain 87

Social Contribution Activities 103

Safety Initiatives

Development of Educational Equipment

Honda leverages its know-how on riding/driving safety and hazard prediction training (kiken yosoku training – KYT) it has accumulated over the years as well as develops and promotes the widespread use of educational equipment, such as simulators, which mimics actual traffic conditions and enables people to experience hazards in a safe environment.

To date, Honda has developed educational equipment, such as Riding Simulator and Driving Simulator, that provides hazard prediction training for motorcycle riders and automobile drivers. Such training is difficult to conduct on public roads in the process of obtaining a driver's license, and these simulators are being used at driving schools nationwide. Besides, Honda offers a lineup of equipment matched to diverse participants, such as Bicycle Simulator to learn safety bicycle riding; Movie KYT, which enables a large group of persons to experience hazard prediction; and Riding Trainer*1, which offers hazard perception training for motorcycle riders, who operate the equipment themselves, and can be easily relocated to overseas facilities.

In this context, Movie KYT has been renewed to provide training for not only motorcycle riders and automobile drivers, but also bicycle riders, who are often the perpetrators or victims of traffic accidents. Honda will continue to promote its educational equipment for all traffic participants.

Activities in the Welfare Field

Honda not only develops welfare vehicles, but also offers program*2 to train physically disabled people to return to driving in actual vehicles, as well as provides simple simulators and evaluation software to evaluate driving ability at hospitals and other facilities.

In 2023, in addition to the simple simulators, Honda started selling DB Model-A, a full-fledged driving simulator for driving schools with driving ability evaluation support software.

Furthermore, Honda supports hospitals and facilities that provide assistance to those seeking to return to driving in each regional unit. This activity has become a project, starting in Shikoku area and expanding to the western Japan area, and is currently widening its circle of activities with the goal of nationwide expansion.

At Traffic Education Centers, Honda also offers a safety driving training program*3 for drivers who transport elderly and disabled persons to and from welfare facilities.

*1 Available in 24 languages, approximately 6,000 units of the Riding Trainer are used worldwide, with some 3,000 units in Asia and Oceania alone.

*2 A program offered at Honda Traffic Education Centers as a means to evaluate the driving competence of people with higher cerebral dysfunction who wish to resume driving. It is used to check their current ability to drive an actual vehicle and to train them to overcome the identified issues.

*3 A program offered at Honda Traffic Education Centers for welfare facility drivers providing pickup and drop-off services. During these services, it provides advice on preventing accidents as well as training to facilitate an understanding of the importance of giving due consideration to their passengers.



Training scene with Movie KYT



Bicycle hazard prediction experience video



DB Model-A

4 Social

Safety 33

 Basic Approach 34

> **Safety Initiatives** 37

Quality 47

Human Resources 63

Supply Chain 87

Social Contribution Activities 103

Safety Initiatives

Performance of Mobility

Honda's Approach

Honda engages in technological development by fully understanding the real accident situations in a real-world traffic environment comprising multiple types of road users, including motorcycles and automobiles, and by conducting detailed analyses of accident mechanisms.

To date, Honda has developed the world's first*1 pedestrian dummy, an anthropomorphic model used to reproduce the human body's kinematics during a collision with an automobile, and has established the world's first indoor omni-directional crash test facility to conduct research into more realistic crash configurations. In addition, the Company has developed and introduced new technologies, such as the SRS Airbag System for the driver's seat, the Advanced Compatibility Engineering (ACE) body structure, and the Collision Mitigation Braking System (CMBS) (a world first) for automobiles*2, and the mass-produced airbag system for motorcycles (a world first).

Since 2014, Honda has been expanding the application of Honda SENSING and Acura Watch, driving safety support systems that assist in accident avoidance, to each of its automobile models. In 2022, the Company launched Honda SENSING 360, which has evolved into an omni-directional safe driving support system based on the knowledge and know-how accumulated through the research and development of Level 3 autonomous car technologies.

Since motorcycle accidents account for the majority of traffic accidents in emerging countries, Honda aims to expand the application of Honda SENSING with motorcycle detection function to all automobile models and equip more motorcycles with its advanced braking systems, such as ABS and CBS, and headlights that provide better visibility to riders and make them more visible to other road users in the future.

In developed countries, the Company aims to apply these technologies, which cover a wide range of fatal collision situations envisioned by Honda, to all automobile models by 2030, including Honda SENSING 360, enhanced pedestrian protection and collision mitigation performance, and advanced automatic accident reporting systems.



Pedestrian dummy



Indoor omni-directional crash test facility



SRS Airbag System



Advanced Compatibility Engineering (ACE) body structure



Collision Mitigation Braking System (CMBS)



Mass-produced airbag system for motorcycles

*1 Based on Honda's research

*2 A safety-oriented body structure that efficiently disperses and absorbs collision energy in the engine compartment when automobiles collide with each other. It offers significantly greater occupant protection and reduces the damage to the other impacted vehicles.

4 Social

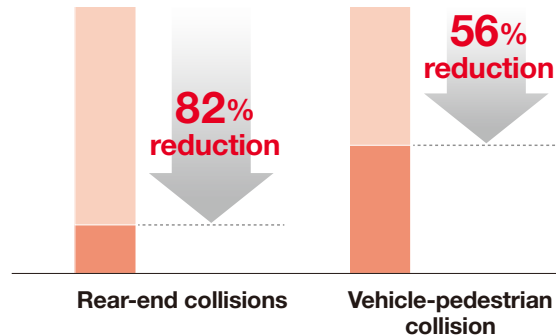
- Safety 33
 - Basic Approach 34
 - > Safety Initiatives 37
- Quality 47
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103

Safety Initiatives

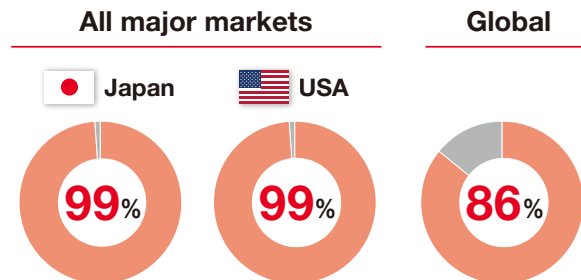
FY2023 Activities

Toward the realization of zero traffic collision fatalities involving Honda motorcycles and automobiles worldwide by 2050, the widespread use and functional evolution of Honda SENSING and Acura Watch are of critical importance in Honda's efforts concerning automobiles.

The Honda SENSING and Acura Watch, safety and driver-assistive systems Honda currently applies to its mass-production models are installed to 99% of Honda's new automobile models sold in Japan and the U.S. and 86% globally as of 2022. Cumulative sales of vehicles equipped with Honda SENSING now tops 14 million units. N-BOX mini-vehicles equipped with Honda SENSING, which are on the market in Japan, have shown an 82% reduction in rear-end collisions and a 56%* reduction in accidents involving pedestrians, confirming the effectiveness of this technology in reducing traffic accidents.



Collision reduction effect of vehicles equipped with Honda SENSING (N-BOX)



Sales ratio of models equipped with Honda SENSING and Acura Watch (2022)

* The difference in the number of traffic accident fatalities and injuries per registered vehicle between N-BOX vehicles without AEB and vehicles equipped with Honda SENSING. Based on data from the Institute for Traffic Accident Research and Data Analysis, according to Honda's research.

To address motorcycle accidents in emerging countries, the application of Honda SENSING with a motorcycle detection function is also being expanded.

In terms of functional evolution, in September 2022, a new feature of Honda SENSING, Sudden Acceleration Suppression Function, which is effective in reducing the number of accidents caused by a mistaken step on the gas pedal instead of the brake, was installed in N-WGN, which underwent a minor model change in Japan. In addition, utilizing the knowledge and know-how accumulated through the research and development of Level 3 autonomous car technologies, Honda has recently developed Honda SENSING 360, which has evolved into an omni-directional safe driving support system, and is being installed in the new CR-V model launched in China in December 2022.



Honda SENSING with motorcycle detection function



Sudden Acceleration Suppression Function (N-WGN, Japan)

4 Social

- Safety** 33
 - Basic Approach 34
 - > **Safety Initiatives** 37
- Quality** 47
- Human Resources** 63
- Supply Chain** 87
- Social Contribution Activities** 103

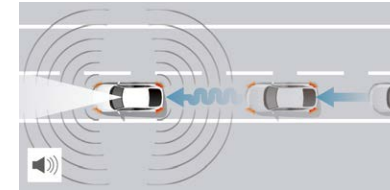
Safety Initiatives

Furthermore, in December 2022, as the next evolution of Honda SENSING 360, the Company announced new functions, and its plan to begin applying the functions sequentially on a global basis from 2024.

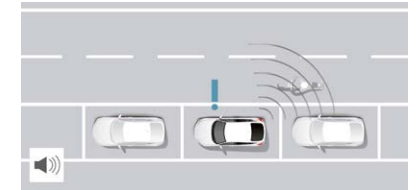


Announced Honda SENSING 360 new functions

The new functions include the Advanced Lane Change Assist Function with Hands-off Function and the Advanced In-Lane Driving Assist Function to reduce the driving load, as well as the following functions to improve safety: the Driver Emergency Support System, when the driver is unresponsive to the system's requests for a handover (the transfer of control back to the driver), the system assists deceleration and stopping of the vehicle within the same lane; the Exit Warning, while the vehicle is parked, when the system detects a vehicle approaching from the rear, the indicator on the front pillar or side mirror lights up to assist occupants to recognize an approaching vehicle; and the technology that detects the driver's condition and the risk ahead and provides "collision avoidance technology using" the Driver Attention Warning and Collision Warning, In-Lane Collision Avoidance Assist Technology, Emergency Steering Support Technology, etc.



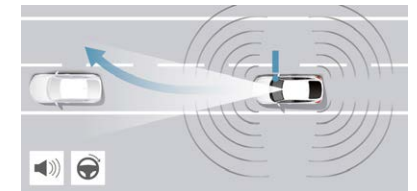
Driver Emergency Support System



Exit Warning



Driver Emergency Support System "Warning"



Emergency Steering Support Technology

4 Social

Safety 33

 Basic Approach 34

> **Safety Initiatives** 37

Quality 47

Human Resources 63

Supply Chain 87

Social Contribution Activities 103

Safety Initiatives

Traffic Ecosystem

Honda's Approach

In 1998, Honda started to offer "Internavi," a car navigation system in Japan that is equipped with communication functions to support safe driving by providing drivers with information on traffic congestion and disasters using driving data collected from Honda vehicles.

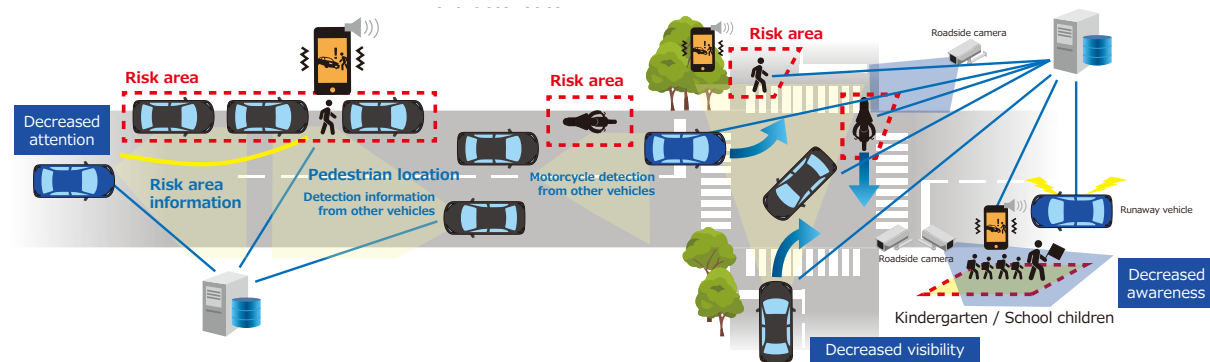
In 2013, Honda launched a Safety Map service that integrates and analyzes various information, such as emergency braking information collected through the Internavi system, information on traffic accidents provided by the police and local governments, and traffic information provided by local residents. This service on Honda's website allows users to learn in advance about areas where accidents frequently occur. In addition to being used by ordinary people, the Safety Map has also been used by local governments and other organizations to improve roads by adding road markings, etc. The total number of road improvement measures taken since 2013 is over 150.

These efforts have evolved since then, and in 2017 the Company launched Honda Drive Data Service, a data service that displays dangerous areas on a map in real time, aiming to address social issues, including disaster prevention and traffic accident prevention.

Honda is also conducting a demonstration experiment of the Road Hazard Condition Monitoring System, which shares information on dangerous road conditions detected by ADAS cameras, such as road surface sinking and road construction, with other vehicles in the vicinity, including motorcycles.

In addition, Honda is participating in D-Call Net[®], an emergency automatic notification system. This system utilizes vehicle-connected technology, commonly called AACN (Advanced Automatic Collision Notification), to estimate the probability of fatality and serious injury in the event of an accident, and automatically notifies the fire department and cooperating hospitals from the vehicle involved in the accident. In the future, the Company plans to develop a system that expands the scope of coverage to include accidents involving pedestrians and motorcycles to save even more lives.

Looking toward the future, in 2021, Honda unveiled its Safe and Sound Network Technology, which connects all traffic participants, i.e., people and mobility vehicles, through telecommunications to predict risks before accidents occur and support accident avoidance. The Company is accelerating industry- and public-private sector-led efforts toward social implementation of the technology from 2030 onward.



Safe and Sound Network

* D-Call Net[®] is a registered trademark of the NPO Helicopter Emergency Medical Service Network (HEM-Net).

4 Social

- Safety 33
 - Basic Approach 34
 - > Safety Initiatives 37
- Quality 47
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103

Safety Initiatives

FY2023 Activities

In Japan, Honda CONNECT, an in-vehicle telecommunication module produced exclusively for Honda vehicles, was first installed in the FIT model in 2020, and since then, it has been installed in six models as of 2022, including Honda e, VEZEL, CIVIC, Step WGN, and ZR-V. In the event of an accident or other emergency, the Honda CONNECT-equipped vehicle itself communicates with the Emergency Support Center, which collectively sends vehicle information and location data via an operator to the police, fire department, insurance company, etc., allowing them to respond quickly and accurately.

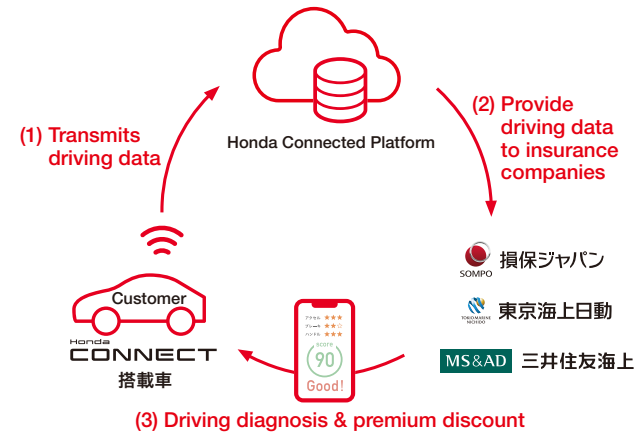
Furthermore, in October 2022, Honda began offering Honda Connect Insurance*1. Honda Connect Insurance is a telematics insurance linked to the driving behaviors and skills of the driver, which are scored monthly based on driving data acquired by telematics technology, and the premiums for the following year are discounted based on the score. This insurance is offered as a rider to automobile insurance products. Driving scores and advice are delivered monthly to policyholders in the form of driving reports, helping to improve their safety awareness in their daily driving.

In September 2022, at the 28th ITS World Congress*2 2022 (Los Angeles), Honda exhibited as its future technology research, the Safe and Sound Network Technology and the Road Hazard Condition Monitoring System, which shares information on dangerous road conditions detected by ADAS cameras, such as road surface sinking and road construction, with surrounding vehicles including motorcycles, and alerts them before passing the relevant area.

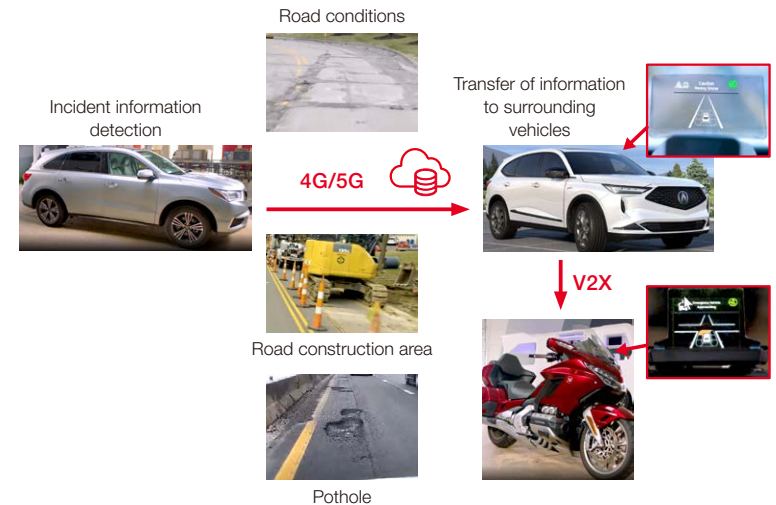
Regarding Honda's Safe and Sound Network Technology, the Company is working to realize flexible and expandable new DX infrastructure and applications based on the 5G network by utilizing traffic signals that are necessary for the construction of such a network. In order to realize the social implementation of the infrastructure and applications, in August 2022, Honda joined the Consortium for DX Promotion by Utilizing Traffic Management Infrastructure as an executive member, which aims to realize a safe, secure, and sustainable traffic society where people, mobility vehicles, and infrastructure work in harmony.

*1 Developed by Honda jointly with Sompo Japan Insurance Inc., Tokio Marine & Nichido Fire Insurance Co., Ltd., and Mitsui Sumitomo Insurance Company, Limited

*2 International conference to present and discuss the results of research, development, and practical application of solutions to transportation problems



Honda Connect Insurance



Mechanism of the Road Hazard Condition Monitoring System

4 Social

Safety 33

 Basic Approach 34

> **Safety Initiatives** 37

Quality 47

Human Resources 63

Supply Chain 87

Social Contribution Activities 103

Safety Initiatives

Third-Party Evaluations

FY2023 Activities

Many of Honda's models have received the highest safety ratings in third-party evaluations in various regions, including the IIHS*1 in the United States, where testing requirements have been tightened and new standards have been introduced.

Results of key third-party evaluations (tests conducted in FY2023)

| Country/Region | Third-party evaluation | | Models | Number of vehicles*4 |
|----------------|------------------------|------|---|----------------------|
| Japan | JNCAP*2 | 5★ | Step WGN | 1/1 |
| USA | IIHS | TSP+ | Civic Hatchback / Civic Sedan / Insight / Accord / Odyssey / HR-V / Acura TLX / Acura MDX / Acura RDX / Acura Integra | 10/10 |
| | | TSP | CR-V | 1/1 |
| | US NCAP | 5★ | Insight / HR-V / Accord / Odyssey / Civic Hatchback / Civic Sedan / Passport / CR-V / Pilot / Ridgeline / Acura RDX / Acura MDX / Acura ILX / Acura TLX | 14/14 |
| Europe | Euro NCAP | 5★ | Civic | 1/2 |
| China | C-IASI*3 | GGG | Integra / Civic | 2/2 |
| Southeast Asia | ASEAN NCAP | 5★ | HR-V / BR-V | 2/2 |

*1 IIHS: Insurance Institute for Highway Safety
The organization conducts the car assessment that tests and evaluates the safety performance of various cars. IIHS only awards TSP and TSP+ to vehicles that achieve excellent test results. TSP refers to Top Safety Pick.

*2 NCAP: New Car Assessment Program
This is a program that tests and evaluates the safety performance of cars and is performed by public organizations in various regions. Testing and evaluation methods are different for each region. Ratings range from 0★ to 5★ (5★+ is the highest rating in some regions).

*3 C-IASI: China Insurance Automotive Safety Index
This tests and assesses the safety performance of vehicles, in which the four grades of G (Good), A (Acceptable), M (Marginal) and P (Poor) are used.

*4 Number of vehicles that received the highest rank / number of vehicles that received a rating

4

Social

Quality

Material issues

- Assuring outstanding product quality



4 Social

- Safety 33
- Quality 47
- > Basic Approach 48
 - Global Management 49
 - Quality Initiatives 51
 - Third-Party Evaluation 62
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103

Basic Approach

Aiming to Bring Reassurance and Satisfaction to Customers

“We have to aim for 120% product quality. If 99% of the products we make are perfect it would seem like a pretty good record. However, the customers who become owners of the remaining 1% will surely consider their products 100% defective. It is unacceptable that even one customer in a thousand – even one customer in ten thousand – should receive a defective product. This is why we have to aim for 120%.” These words of founder Soichiro Honda define the company's fundamental approach to quality, or, more specifically, what it means to strive to be a company society wants to exist. Determined to meet or exceed the expectations of customers, Honda is undertaking new initiatives to meet high product quality standards.

Adhering to these objectives, Honda's commitment is to strengthen customer trust by offering products founded on safety and a new level of outstanding quality. To this end, Honda has created the Honda Quality Cycle (➔ p. 51), which works continuously on quality enhancement and improvement, encompassing every stage in the process – from planning, development, production, and sales to after-sales service.

In order to realize the basic principles of ‘Respect for the Individual’ and ‘The Three Joys’ (the joy of buying, the joy of selling, the joy of creating), Honda has confirmed being number one in customer satisfaction in all points of contact as a primary objective. Honda works in collaboration with dealers to satisfy customers at every stage, from sales to after-market service, so that customers can continue using and enjoying its products and services.

Offering a New Level of Outstanding Quality

Over the years, Honda has implemented a variety of dynamic activities aimed at realizing products that achieve a new level of outstanding quality.

Meanwhile, the industry is heading toward an unprecedented turning point concerning responses to factors of environment, safety, and intelligence.

Honda will accelerate powertrain electrification to achieve carbon neutrality as well as introduce driver-assistance technologies for the realization of a collision-free mobile society. Furthermore, Honda is now working to create new value through open innovation by teaming up with other companies, including many from different industries, to address the challenge of creating new forms of mobility that incorporate the Internet of Things (IoT).

Moving ahead, Honda aims to reduce problems at all points of customer contact in step with innovations in mobility and living, in addition to ensuring the highest quality levels among the products and services that customers rely on. Through this pursuit of quality in each domain, Honda has allowed its activities to evolve and produce new standards along the way.

4 Social

Safety 33

Quality 47

 Basic Approach 48

> Global Management 49

 Quality Initiatives 51

 Third-Party Evaluation 62

Human Resources 63

Supply Chain 87

Social Contribution Activities 103

Global Management

Quality Management System and Quality Enhancement Promotion System

Global Honda Quality Standard (G-HQS) Aimed at Increasing Quality of Honda Brand Products and Services

As Honda's production expands globally, alongside its parts and materials sourcing, maintaining a shared global quality management system is essential to ensure that all facilities continue to remain consistent in generating 120% product quality. Established in April 2005, G-HQS serves as the foundation of this system.

Based on the Honda Quality Cycle, G-HQS is a set of fundamental standards supporting quality assurance and improvement activities in all sections. The aim is to improve the quality of Honda brand products manufactured and sold around the world as well as the services offered globally. G-HQS is also, in part, utilized as a means to reliably implement and certify process-based quality assurance focusing on rules, which has recently grown in importance following changes in laws, regulations, and the business environment.

In accordance with the Honda Quality Cycle, to enhance and improve quality, Honda clearly defines the roles and responsibilities between global and regional functions in such areas as planning/development, production, sales/service, and quality. With G-HQS, the goals and requirements integral to quality assurance activities for each function are stipulated by global function. In line with local characteristics, the means for achieving these goals and requirements are specified by each operation base. This approach enhances the awareness of quality improvement and leads to the personal growth of local associates. The operational status of G-HQS within each operation base is confirmed by global function on a regular basis to enhance quality improvement activities as a concerted effort alongside facilities.

Based on ISO 9001* criteria to which Honda production facilities in Japan and around the world have been certified, G-HQS represents the accumulation of knowledge that Honda has gathered independently to improve quality and prevent issues from recurring. As such, conforming to G-HQS is compatible with conforming to ISO certification standards.

As of February 28, 2023, 56 of the 60 Honda production facilities had acquired ISO 9001 certification.

* ISO 9001: An international quality control and quality assurance standard set by the International Organization for Standardization (ISO).

Global Meeting Structure

In order to ensure the strengthening of quality under this quality management system, Honda sets challenges based on quality targets established in company-wide policy, which are then modified to reflect those faced in different regions for which specific countermeasures are formulated. Regular Global Quality-related Meetings allow for this initiative to be managed and for information sharing to take place.

Regarding customer service, Honda has devised an action policy that is focused on each customer, via which value is created through service and the joy of continuing to use Honda products is prioritized. Those individuals responsible for quality-focused departments, from the headquarters down to the regions, hold joint Aftersales Business Meetings to share this policy and any other measures globally. Any productive measures and initiatives established within these meetings are set as global benchmark levels to enable the provision of higher-quality services on-site.

Global meeting structure

| Meeting structure | Business | Meeting name | Times/year |
|---------------------|----------------|--|------------|
| Quality related | Motorcycle | Global Chief Inspecting Engineer Meeting | 1 |
| | Automobile | | |
| | Power products | | |
| Aftersales business | Automobile | Global Automobile Quality Meeting | 3 |
| | Motorcycle | Aftersales Business Meeting | 1 |
| | Automobile | Aftersales Business Meeting | 2 |
| | Power products | | |



Global Automobile Quality Meeting

4 Social

Safety 33

Quality 47

 Basic Approach 48

> Global Management 49

 Quality Initiatives 51

 Third-Party Evaluation 62

Human Resources 63

Supply Chain 87

Social Contribution Activities 103

Global Management

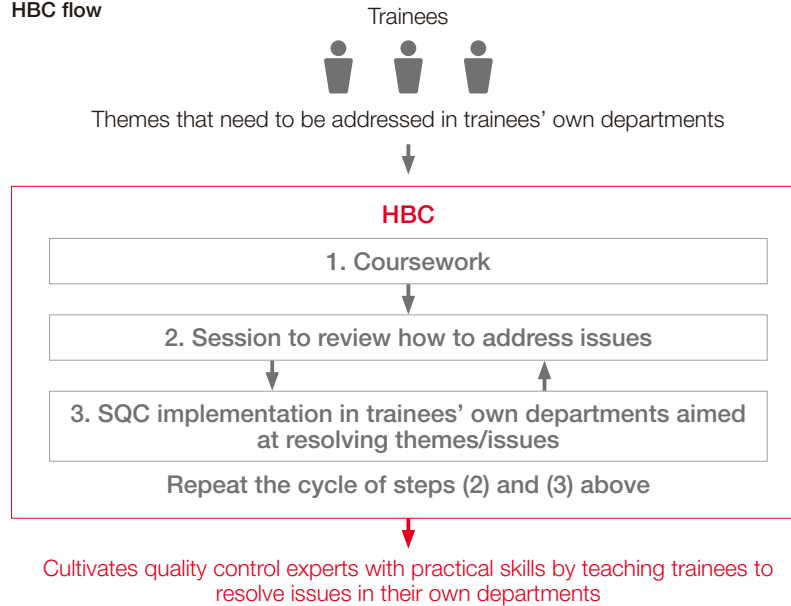
Quality Control Training

With the aim of improving associates' quality assurance skills, Honda offers quality control training based on in-house qualifications and quality control responsibility levels.

In Japan, Honda offers a training curriculum that consists of four courses divided into basic training and specialized training. As part of this curriculum, the Honda QC Basic Course (HBC) focuses on training experts in all aspects of Honda quality control and is open not only to Honda associates but also to suppliers.

Outside of Japan, the QC Junior (QC J) Course and the QC Foreman (QC F) Course are offered as basic training.

HBC flow



Training curricula content

| Category | Course name | Course content | Period |
|----------------------|--|---|------------------|
| Basic training | QC Junior (QC J) Course | Targets associates during the six-month to one-year period after joining Honda to teach the basics of quality control techniques. | 1 day |
| | QC Foreman (QC F) Course | Targets associates engaged in production and quality duties to teach the key quality control techniques and approaches required for robust quality assurance activities. | 2 days |
| Specialized training | Statistical Quality Control (SQC) Course | Targets the teaching of professional quality control techniques and approaches among those associates whose principal responsibility is quality control and the carrying out of quality improvement activities. | 2 days |
| | Honda QC Basic Course (HBC) | Targets associates responsible for the core of quality control activities to teach skills that allow them to resolve difficult problems/issues with the aim of becoming quality control experts. | Total of 18 days |

* SQC Course and HBC are held in Japan.

Best Quality Award

By analyzing quality-related measures based on policy management with the aim of elevating quality awareness, the head of the Quality Innovation Supervisory Unit presents awards for themes that generate outstanding results. Divisions eligible for recognition include development, production, production technology, purchasing, certification, quality, parts/service, and IT.

Awards for divisions overseas were introduced in 2012, with the head of the Quality Innovation Supervisory Unit presenting the awards on-site. From FY2013 to FY2023, visits were made to a total of 69 sites around the world (suspended between 2020 and 2021 due to the COVID-19 pandemic but resumed in FY2023) to directly communicate with associates (employees).



Award ceremony and on-site verification (FY2023)

4 Social

Safety 33

Quality 47

 Basic Approach 48

 Global Management 49

> Quality Initiatives 51

 Third-Party Evaluation 62

Human Resources 63

Supply Chain 87

Social Contribution Activities 103

Quality Initiatives

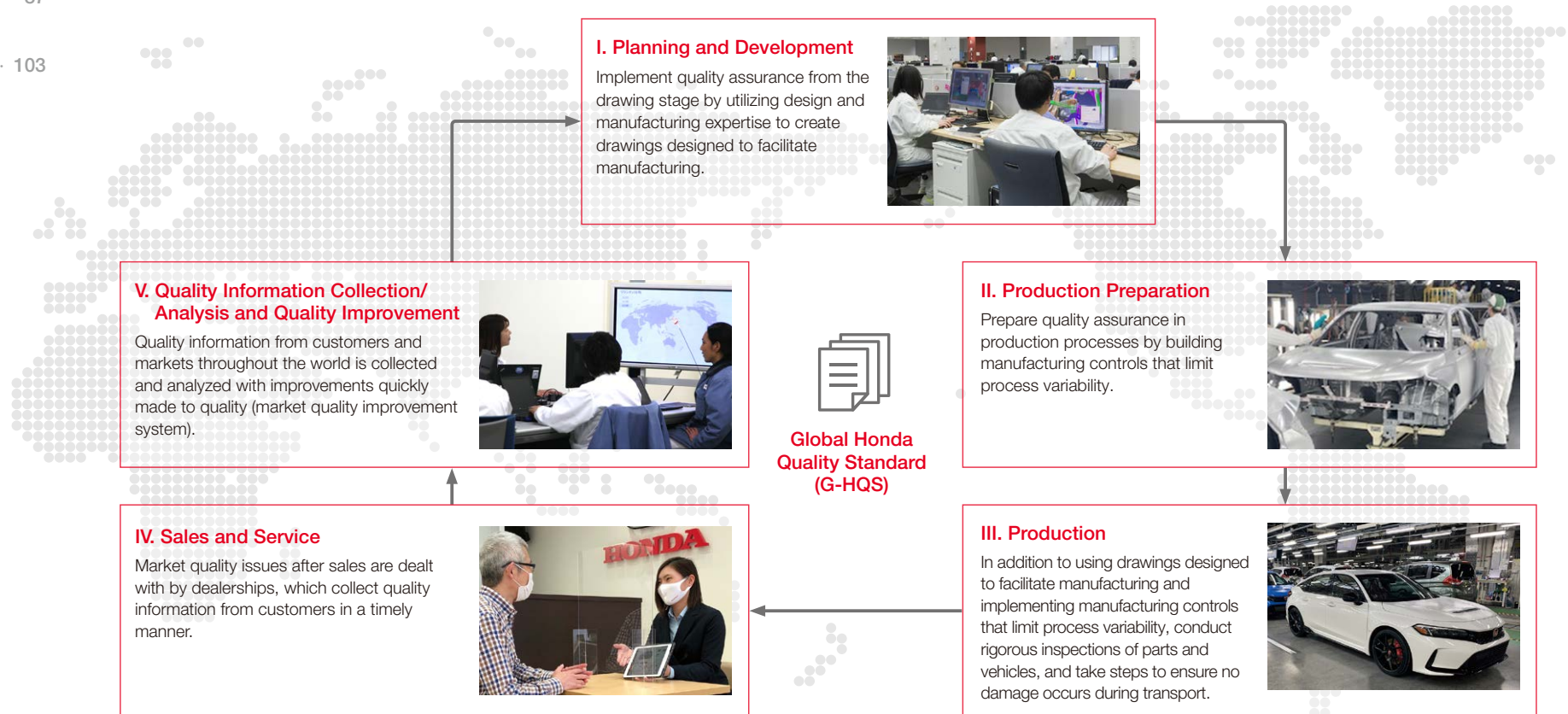
Honda Quality Cycle

Honda has created the Honda Quality Cycle to provide a continuous focus on quality enhancement and improvement at every stage, encompassing planning, development, production, sales, and after-sales service.

The aim of this initiative is to apply and reflect design and development expertise

at the production preparation and production (mass production) stages. Ultimately, the goal is to achieve the highest quality by creating drawings designed to facilitate manufacturing and by developing manufacturing control techniques that limit process variability.

Honda Quality Cycle



4 Social

Safety 33

Quality 47

 Basic Approach 48

 Global Management 49

> Quality Initiatives 51

 Third-Party Evaluation 62

Human Resources 63

Supply Chain 87

Social Contribution Activities 103

Quality Initiatives

Planning/Development and Production (Mass Production)

To ensure high quality, Honda conducts comprehensive quality assurance activities from the dual perspectives of planning/development and manufacturing. For example, drawings for objects that will be machine-processed include finished dimensions. However, when the same worker uses the same materials, equipment, and procedures to produce an item according to the dimensions specified on the relevant drawings as part of a given production process, small variations are inevitably found in the item's finished dimensions.

To address this complication, when designing drawings, R&D departments consider not only function and performance but also the ease of manufacture and minimization of variations. For their part, production departments implement manufacturing controls, based on the drawings, to keep variability within applicable standards and also develop production processes so that all workers can continue to achieve consistent quality levels.

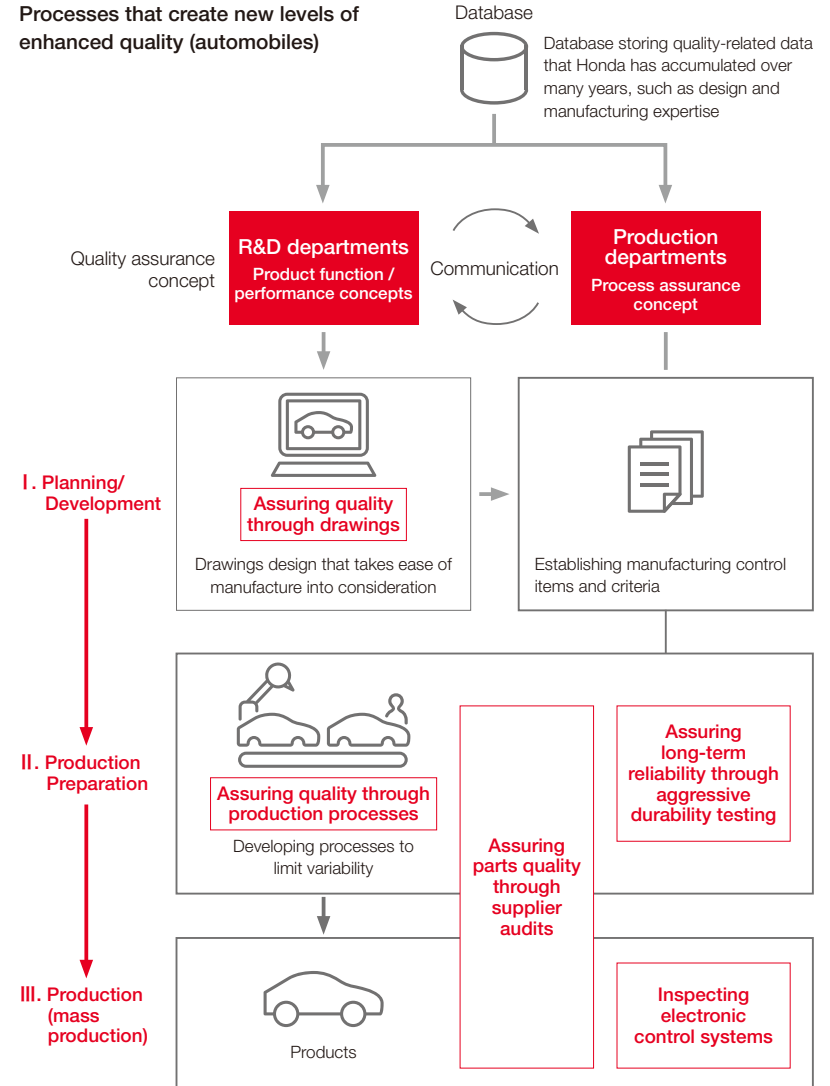
Strengthening Activities to Improve Planning and Development

At each stage of planning, development, production preparation, and production (mass production), Honda is strengthening activities to reduce quality-related issues. This involves investigating any cause in the event of a major quality issue and introducing measures to prevent a recurrence.

To prevent specification-related issues, Honda identifies the impact of previously changed and changing points. Improvements are then implemented via a review committee that examines changing points and works through pending issues.

Additionally, the planning and development procedures at Honda have also been evolving. Indeed, Honda is strengthening its design review to enhance planning accuracy in the initial stages of new technology development. Furthermore, the Company has formulated evaluation conditions and standards in order to minimize deviation from the values expected by customers and society, as well as setting a sufficient verification timeframe.

Processes that create new levels of enhanced quality (automobiles)





4 Social

Safety 33

Quality 47

 Basic Approach 48

 Global Management 49

> Quality Initiatives 51

 Third-Party Evaluation 62

Human Resources 63

Supply Chain 87

Social Contribution Activities 103

Quality Initiatives

I. Planning/Development

Assuring Quality through Drawings

Honda's R&D departments create drawings that take ease of manufacture into consideration in order to limit process variability and prevent human error during the manufacturing process. These drawings serve as the basis of Honda's quality assurance efforts.

Specifically, the R&D departments utilize a database of measures and techniques previously used to address market quality issues and other information. They communicate closely with manufacturing departments during the initial development stage, together with putting the concepts of product functionality, performance, and quality assurance in writing. To coordinate the quality assurance concept, these details are then shared to ensure coordination with production departments' process assurance and activities.

Establishment of Development Procedures with Suppliers

For many years, Honda has been committed to development based on "purchasing components with guaranteed performance," from which the Company presents its requirements to suppliers who design and test components for Honda products and also procures the components from them. Honda's R&D departments, purchasing departments, and other related departments have initiated a project to reduce critical quality issues within such components, which has included producing a manual for development based on "purchasing components with guaranteed performance." The manual is revised annually.

In the planning phase of advanced development, the technical challenges of the components to be developed are first organized. Accordingly then, the key development roles and responsibilities are determined to reflect the development experience and technical know-how of Honda and its suppliers. Essential development plan areas to focus on are then clarified, such as increasing the accuracy of Honda's requirements or taking a concrete approach toward verification.

In addition, quality assurance roles and responsibilities are clarified among Honda's departments/business sites and suppliers, based on logistics, distribution

channels, and contractual agreements at the time of mass production. Areas requiring quality control in development, production preparation, and mass production are then conveyed to the relevant departments.

When a quality-related issue is found in the process of monitoring product quality defects based on the aforementioned procedures, an investigation into the cause is then conducted to ensure continuous improvement in development procedures.

II. Production Preparation

Assuring Quality through Production Processes

To prevent product quality issues, Honda's production departments establish manufacturing control items and criteria for each part, process, and operation. Engineers then use these manufacturing control items and criteria to verify manufacturing variability.

Honda's activities regarding parts procurement also cover parts materials.

Furthermore, by incorporating suggestions for enhancement from the work sites conducting actual operations and determining manufacturing control methods for each process, Honda develops processes that limit variability.

Assuring Parts Quality through Supplier Audits

Assuring the quality of procured parts is an important factor in delivering high-quality products.

Honda visits its suppliers' manufacturing facilities to conduct quality audits based on the 'Three Reality Principle,' which emphasizes 'going to the actual place,' 'knowing the actual situation,' and 'being realistic.'

These audit activities are conducted for both the production preparation and mass production stages of supplier operations. Experts in the development and production of individual parts visit manufacturing facilities to conduct audits of suppliers' quality control systems and their implementations.

Honda then works to improve part quality through activities emphasizing communication with suppliers, for example, by sharing audit results and cooperating to identify quality improvement measures.



4 Social

- Safety 33
- Quality 47
 - Basic Approach 48
 - Global Management 49
 - > Quality Initiatives 51
 - Third-Party Evaluation 62
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103

Quality Initiatives

Assuring Reliability through Durability Testing

For new or redesigned models, Honda conducts rigorous long-distance durability testing before beginning mass production of such models to verify that no quality issues are present.

Honda also disassembles vehicles used in the test drives to verify that no parts show quality issues via a process consisting of several thousand check items. By accumulating data on the issues discovered via these test drives and detailed inspections, as well as associated countermeasures, the Company ensures a high level of quality and reliability.



Verification of parts following durability testing

III. Production (Mass Production)

Inspection of Electronic Control Systems

In recent years, the installation of electronic control systems in vehicles has increased dramatically in order to improve environmental friendliness, together with convenience and comfort. Inevitably, the implementation of efficient inspection is required to assure the quality of these systems.

To this end, Honda has installed Line End Tester (LET) – an inspection and diagnostic system developed in-house at production plants in Japan and overseas.

The LET was initially deployed to perform diagnostics of emission cleaning systems and parts in order to comply with U.S. emissions regulations. Then, in response to the recent evolution of electronic control systems, Honda extended the device's capabilities, allowing its use in the shipping quality inspection of all electronic control systems, from switches and instruments to air conditioner, audio, engine, and transmission operations. Doing so has enabled quantitative inspections through communication with electronically controlled components, which improves the accuracy and efficiency of inspections when compared to conventional methods dependent on human senses, such as smell, sight, and hearing.

To further enhance the precision and efficiency of sensory inspections, Honda is continuing to promote the quantification of shipping quality assurance for electronic control systems.



Inspection using the LET system

4 Social

- Safety 33
- Quality 47
 - Basic Approach 48
 - Global Management 49
 - > Quality Initiatives 51
 - Third-Party Evaluation 62
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103

Quality Initiatives

IV. Sales and Service

Honda has established the Customer First Supervisory Unit to realize optimal service operations in worldwide markets. The unit has set the key objective of being 'No.1 in customer satisfaction in all points of contact' based on a 'customer-first' policy.

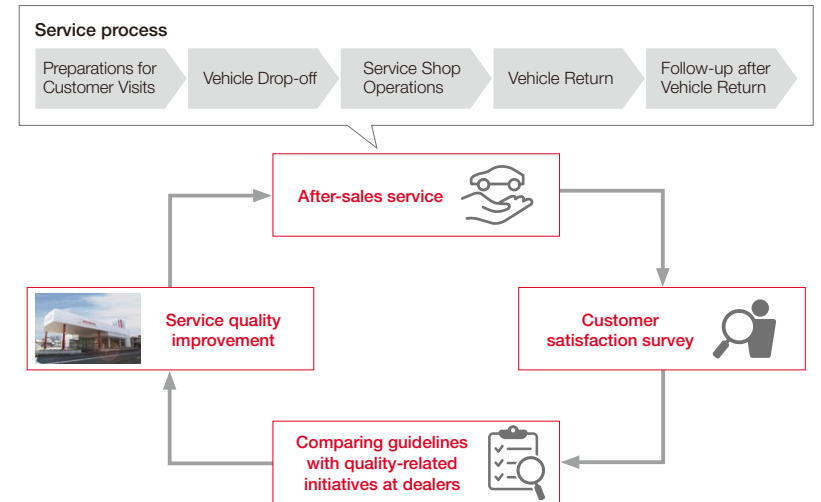
'No.1 in customer satisfaction in all points of contact' refers to the realization of an environment in which customers feel satisfied with Honda in each and every situation they come into contact with the Company. In addition to fulfilling customer expectations built up through past experience and information, the unit aims to be No.1 in customer satisfaction by providing exciting experiences that exceed customer expectations.

Customer Satisfaction Survey

Honda conducts a global customer satisfaction survey in relation to service operations for customers who have received aftersales service from a dealer. In FY2023, the survey was conducted in 21 countries, including Japan and countries in North America, South America, Europe, Africa and the Middle East, Asia and Oceania, and China. The survey method enabled minute measurements of satisfaction for each part of the service process at a dealer, with the survey findings then used to provide guidelines for each dealer. By comparing these guidelines with other quality-related initiatives undertaken at dealers, activities are being undertaken toward better service quality at all points of customer contact by implementing a plan-do-check-act (PDCA) cycle.

In addition, once a year Honda conducts a survey to make comparisons with manufacturers and brands considered as benchmarks in other countries. The results are then used as a reference to maintain and improve customer satisfaction at industry-leading levels. Consequently, in FY2023, Honda attained top-level customer satisfaction in 19 countries.*

Improving service operations through customer satisfaction survey



* Internal survey by Honda; as of March 2023

4 Social

Safety 33

Quality 47

 Basic Approach 48

 Global Management 49

> Quality Initiatives 51

 Third-Party Evaluation 62

Human Resources 63

Supply Chain 87

Social Contribution Activities 103

Quality Initiatives

Customer Relations Center

The Customer Relations Center, which is in direct communication with customers in Japan, has a very straightforward slogan: "For the customer." Its mission is to handle inquiries from Honda customers politely, clearly, and quickly, aiming for the highest quality of response. The center also responds to survey requests from government agencies and inquiries from consumer advocacy organizations.

The center accepts consultations from customers 365 days a year and received 138,342 inquiries in FY2023. Valuable feedback from customers, including questions, suggestions, requests, and opinions, is shared in a timely manner with the Company's R&D, manufacturing, service, and sales departments in compliance with laws and regulations, as well as Honda's own policies concerning the handling of personal information.



Sharing 'Customer Voice' in a meeting

Customer Car Life Support

Honda is providing services to support optimal car lifestyles for customers in global markets.

In Japan, for example, Honda is providing Honda Total Care as a membership service for Honda automobile users.

Members can access information that is useful for car maintenance and management, as well as make appointments for inspections via a dedicated Honda Total Care membership website and app. In addition, the Honda Total Care Emergency Support Center is accessible with the touch of a button in case of an emergency, as a part of the system that enhances customer convenience.

The Honda Total Care Emergency Support Center is a one-stop contact point for members facing problems, such as road collisions or vehicle breakdowns. In this manner, the service relieves members from the burden and confusion of having to undertake various correspondence with insurance companies, car dealers, and other parties. The Center is in service 24 hours a day, seven days a week, and makes smooth roadside assistance arrangements for members in need, as well as providing support for car operating instructions, among other services.

Honda has also entered into a business alliance with the Japan Automobile Federation (JAF) – a first in the automotive industry – to provide the industry's most expansive* roadside service as an optional addition. In addition, Honda has rolled out the Honda Total Care Premium connected service, starting with the all-new Fit model released in February 2020. The service includes a function that allows for making an automatic call to an operator when an airbag is deployed, as well as providing an onboard emergency call button and trouble support button. By utilizing these features to eliminate the problems drivers face, Honda provides safer and more secure automobile lifestyles.

Honda aims to ensure the industry's highest level of customer support quality by strengthening relationships with customers through these services.

* Survey by Honda; as of March 2023

4 Social

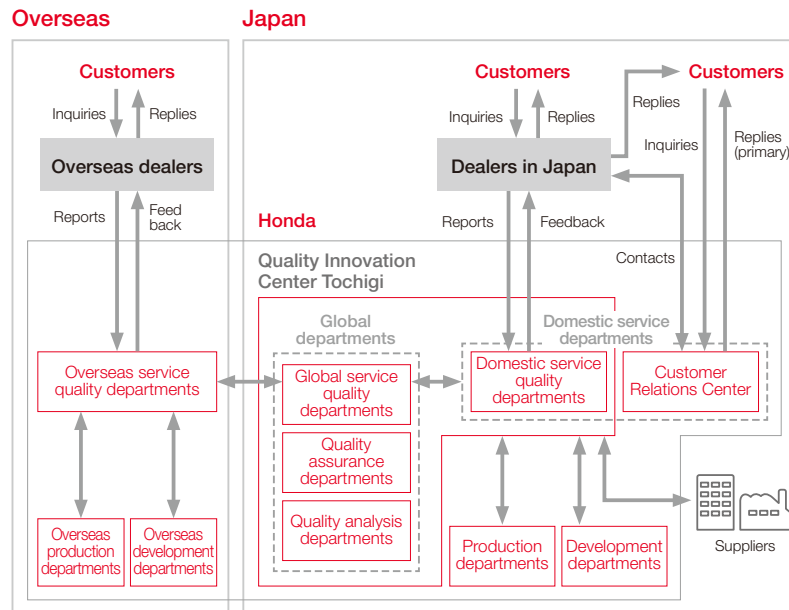
- Safety 33
- Quality 47
 - Basic Approach 48
 - Global Management 49
 - > Quality Initiatives 51
 - Third-Party Evaluation 62
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103

Quality Initiatives

V. Quality Information Collection/Analysis and Quality Improvement

To enhance the functions of 'preventing quality issues' and 'quickly detecting and resolving quality issues when they occur' on a global scale, Honda has established the Quality Center to bring together the various organization components concerned with product market quality information. The facility gathers quality-related information from dealers in Japan and overseas via service departments and the Customer Relations Center. Measures and policies for preventing quality issues are developed based on the issues identified from this data, then provided as feedback to the development/production departments, including the design and production sections, and suppliers too.

Market quality enhancement system (automobiles)



Moreover, the Quality Center operates a structure to increase collaboration between after-sales services and quality assurance activities and strengthen this feedback flow.

When a quality issue does occur, Honda moves quickly to resolve it, for example, by working closely with development and production departments to investigate and address the cause, by assisting affected customers, and by taking action to prevent a recurrence.

In addition to conventional quality issues related to automobiles, issues concerning connected services to onboard devices are also handled as quality issues under this market quality enhancement system.

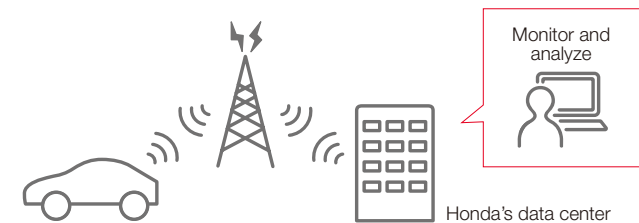
Prediction System

Honda has recognized the necessity of a system that provides peace of mind to customers in preparation for new environmental vehicles, such as fuel cell vehicles and electric vehicles.

With this system, vehicle information is sent to Honda's data center using telematics technology and then analyzed. Potential warning signs are identified from results prior to any trouble occurring, as a precautionary measure to safeguard customers.

Honda is further utilizing this system to provide customers with as much peace of mind as possible.

Image of the prediction system



4 Social

- Safety 33
- Quality 47
 - Basic Approach 48
 - Global Management 49
 - > Quality Initiatives 51
 - Third-Party Evaluation 62
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103

Quality Initiatives

Quality Innovation Center Tochigi

Quality Innovation Center Tochigi brings together all the key organizational components into a single facility, from the collection and analysis of market quality data to the considering of countermeasures and providing of quick and precise feedback to development and production departments.


In particular, locating quality and service departments within a single facility allows for the effective analysis and development of countermeasures thanks to the ability to share information quickly.

Quality Improvement Operation Process


Quality enhancement operations at the Quality Innovation Center Tochigi, Japan, consist of pulling together market quality data and sharing information about collected parts and market quality issues. The personnel of this facility analyze collected parts, investigate causes, and develop countermeasures and improvements in a timely manner.

Specialized teams with extensive product knowledge are able to obtain detailed data using a range of analytical equipment. The operational process is configured to facilitate objective and appropriate decision-making based on gathered data.

Quality improvement operation process

Parts collection
Parts collected from the market are classified by category and managed to facilitate quick analysis.




Sharing market quality information
Service, R&D and analysis departments gather and share information from the market.




Analyzing materials
Issues caused by materials are analyzed using the latest scientific equipment, including composition analysis and Xray diffraction analysis systems.



Measuring part precision
Parts' dimensional precision is verified using 3D measurement and the latest roundness measurement equipment.




Testing engine functionality and performance
The functionality and performance of assembled engines are verified on a bench.



Bench environment test
Analyses are conducted in road environments found around the world, from low temperatures to under the scorching sun, to humid conditions, traffic jams and high speeds.



Exhaust gas and mode driving verification
The compliance of exhaust gas components with emissions regulations and proper system operation during mode driving are verified.



Bench vibration test
Actual vehicle vibrations are reproduced on a testing bench together with analyzing issues.

4 Social

- Safety 33
- Quality 47
 - Basic Approach 48
 - Global Management 49
 - > Quality Initiatives 51
 - Third-Party Evaluation 62
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103

Quality Initiatives

Critical Quality Issues Exhibition Hall Presents Examples of Key Quality Issues

A critical quality issues exhibition hall was established at the Quality Innovation Center Tochigi in 2009, ensuring that the experience of market quality issues will not be forgotten and will be passed on to the future by learning through the exhibition of actual items.

The hall provides key examples of past market quality issues. Many people visit the hall annually for training or as part of a tour. In FY2023, training was mainly provided online to about 1,400 participants. The targets include not only Honda associates but also suppliers, overseas distributors, and service division personnel.

In particular, to strengthen the efforts to prevent market quality issues from being forgotten and recurring, training for engineers designing and developing products is being expanded from new recruits and newly promoted managers to also include young associates in their fifth year with the Company and associates from Honda's overseas businesses.



Rust on the body of a Honda Civic made in 1981



Cracked exhaust manifold of Honda Life mini vehicle made in 1999



In-person training



Online training

4 Social

- Safety 33
- Quality 47
 - Basic Approach 48
 - Global Management 49
 - > Quality Initiatives 51
 - Third-Party Evaluation 62
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103

Quality Initiatives

Analysis in Partnership with Overseas Entities

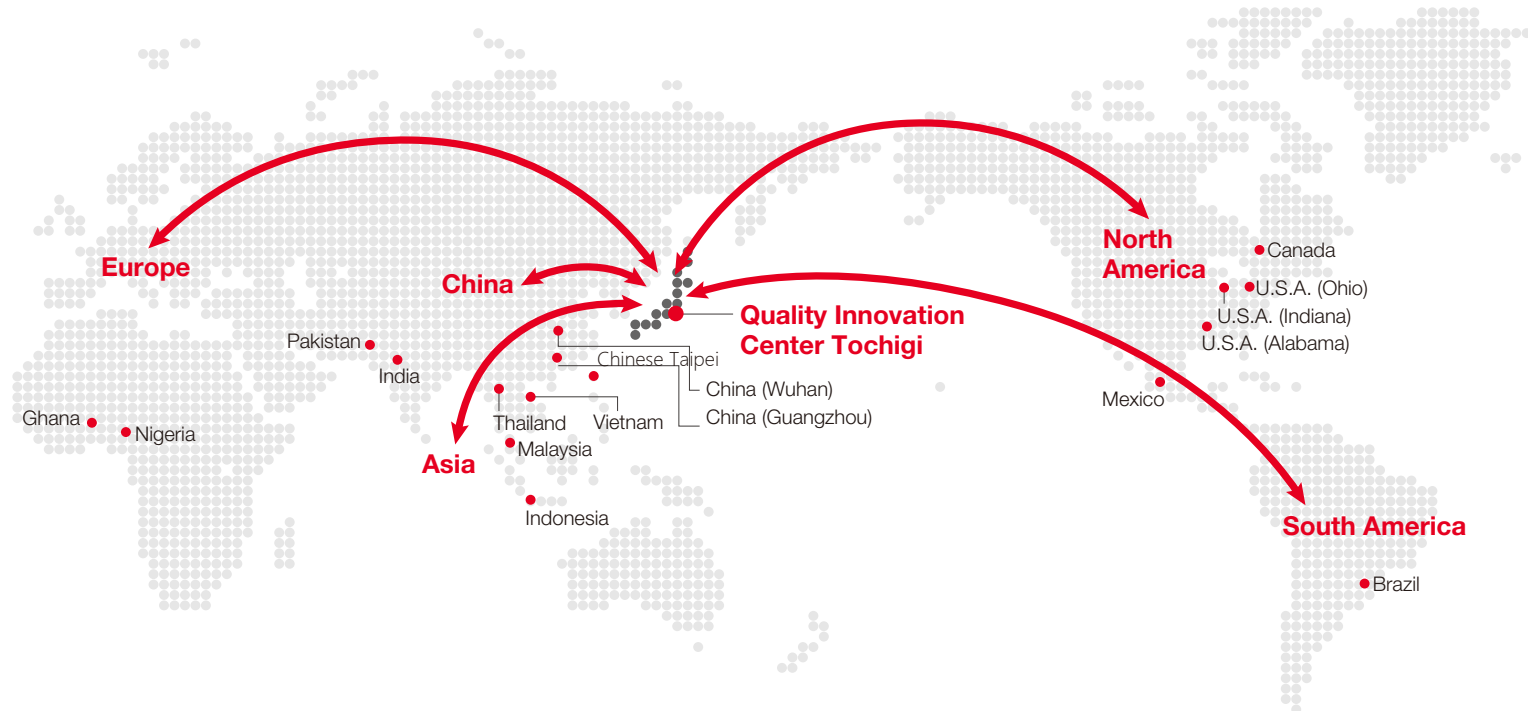
Overseas production plants play a central role in conducting the same type of quality enhancement activities as the Quality Innovation Center Tochigi.

When plants encounter a particularly difficult market quality issue and request assistance, the Center investigates and analyzes the issue before reporting the results back to the overseas facility.



Quality Innovation Center Tochigi, Japan

Working with automotive production plants



4 Social

Safety 33

Quality 47

 Basic Approach 48

 Global Management 49

> Quality Initiatives 51

 Third-Party Evaluation 62

Human Resources 63

Supply Chain 87

Social Contribution Activities 103

Quality Initiatives

Handling Major Quality Issues When They Occur

When Honda determines that an issue occurs with a product requiring a recall, it quickly notifies government authorities in accordance with individual countries' regulations and contacts the product owners by means of direct mail or telephone from dealers to provide information about how repairs can be received free of charge. In addition to Honda's website, recall information is provided through news media where possible.

As for recalls, a Global Quality Committee is quickly convened in accordance with G-HQS, and decisions concerning recalls are made by its chairperson in consultation with members of the relevant sales area, including experts from departments involved with quality issues who are capable of making objective decisions.

Annual recalls (FY2023)

| Segment | Times | Total units |
|----------------|-------|-------------|
| Automobiles | 18 | 2,556,463 |
| Motorcycles | 12 | 125,319 |
| Power products | 0 | 0 |

* These figures are sourced from internal data and, therefore, may differ from those publicly announced by authorities.

Airbag recalls

The repeated recalls for airbags have caused Honda customers great inconvenience and concern.

Honda has always placed top priority on customer safety and peace of mind and responded to its customers with this in mind.

In accordance with the agreed-upon revisions to the consent order between the National Highway Traffic Safety Administration (NHTSA) and Takata in May 2016, Honda has been gradually replacing all Takata ammonium-nitrate-based driver and passenger front airbag inflators that do not contain a desiccant.

Honda will continue to undertake its most extensive efforts to ensure a sufficient supply of replacement inflators to customers and take other necessary measures as quickly as possible.



4 Social

Safety 33

Quality 47

 Basic Approach 48

 Global Management 49

 Quality Initiatives 51

> Third-Party Evaluation 62

Human Resources 63

Supply Chain 87

Social Contribution Activities 103

Third-Party Evaluation

Honda analyzes the Initial Quality Study (IQS) for automobiles as an indicator of customer satisfaction, which constitutes the results of the Honda Quality Cycle to secure the provision of high-quality products.

This study is conducted by J.D. Power, an independent evaluation organization. Honda's planning and development, production, and sales and service departments are working together in this effort.

Results of 2022 IQS for automobiles

Survey by J.D. Power and Associates

| Country | Brand | Ranking |
|---------|-------|---------|
| U.S.A. | Honda | No. 16 |
| | Acura | No. 21 |
| Japan | Honda | No. 2 |

| Country | Segment | Model | Ranking |
|-----------|-------------------------|----------|---------|
| U.S.A. | Minivan | Odyssey | No. 1 |
| | Midsize SUV | Passport | No. 3 |
| | Small Premium Car | ILX | No. 3 |
| Japan | Mini Super Height Wagon | N-BOX | No. 2 |
| | Compact Car | FIT | No. 3 |
| | Midsize SUV | VEZEL | No. 2 |
| | Minivan | STEP WGN | No. 1 |
| China | Minivan | Odyssey | No. 3 |
| | Compact Upper | FIT | No. 1 |
| | Compact Upper | Life | No. 3 |
| | Compact SUV | VEZEL | No. 1 |
| | Midsize Upper Economy | CIVIC | No. 2 |
| | Midsize Upper | Accord | No. 2 |
| | Large MPV | Elysion | No. 2 |
| Large MPV | Odyssey | No. 3 | |

· Includes top three vehicles in major markets from January to December 2022.

Sources:

- J.D. Power and Associates 2022 U.S.
 - Initial Quality Study SM (based on responses from more than 84,165 owners who purchased or leased a new vehicle as surveyed from February to May 2022)
- J.D. Power Japan 2022 Japan
 - Initial Quality Study SM (based on responses from more than 20,797 owners who purchased a new vehicle as surveyed from May to June 2022)
- J.D. Power China 2022 China
 - Initial Quality Study SM (based on responses from more than 34,914 owners who purchased a new vehicle as surveyed from December 2021 to May 2022)

4

Social

Human Resources

Material issues

- Respecting human rights
- Expanding diversity and development of human resources
- Ensuring occupational safety and health

4 Social

Safety 33

Quality 47

Human Resources 63

> Basic Approach 64

 Global Management 65

 Human Resources Initiatives 67

Supply Chain 87

Social Contribution Activities 103

Basic Approach

Basic Policy for Personnel Management

Honda believes that human beings are born as free and unique individuals with the capacity to think, reason and create – and the ability to dream. The Company's wish is to be a company where people with dreams of “I want to be this way” or “I want to do this” gather together, respect individual differences, trust each other as equal partners, exercise abilities to the fullest and share joy together.

From this standpoint, Honda adopts Respect for the Individual, consisting of the three elements of initiative, equality and trust, as one of the Company's Fundamental Beliefs. Honda believes this spirit should permeate all its relationships, not only with those in the Honda Group but with everyone in all companies with which Honda does business. The Company follows the Three Principles of Personnel Management, specifically Respecting Initiative, Ensuring Fairness and Encouraging Mutual Trust, when managing its human resources in areas such as recruitment, training, assignment and utilization, evaluation and treatment. Honda endeavors to build an environment in which all associates can demonstrate their abilities, individuality, and imagination, thereby supporting each individual's willingness to take on new challenges.

As Honda's business activities expand into various parts of the world, it established Associate Relations Policies in March 2012 that are applied to Honda's daily corporate actions, putting the Three Principles of Personnel Management into practice while taking into account “the Universal Declaration of Human Rights” as well as “the ILO Declaration on Fundamental Principles and Rights at Work.”

Our Fundamental Beliefs
Respect for the Individual

| Initiative | Equality | Trust |
|---|---|-------|
| Three Principles of Personnel Management | | |
| Respecting Initiative | Honda respects the individuality, creative thinking and judgment of each associate. | |
| Ensuring Fairness | At Honda, every person should have equal employment opportunities. An individual's race, gender, age, religion, national origin and social or economic status have no impact on the individual's opportunities. | |
| Encouraging Mutual Trust | Honda and its associates should respect, trust and recognize each other as individuals and make sincere efforts to fulfill our responsibilities. | |

Associate Relations Policies

To put these Three Principles into practice, Honda has established the following Associate Relations Policies:

- 1. Respecting individual human rights**
 - We accept the individual characteristics and differences of our associates and respect their willingness and initiative.
 - We will always respect each individual's basic human rights and will not allow forced labor or child labor.
- 2. No discrimination**
 - Based on the principle that all human beings should have equal employment opportunities, we will strive to create opportunities for free and fair competition.
 - We will not tolerate discrimination or harassment of any form in the workplace on the basis of an individual's race, ethnicity, national origin, religion, gender or age, among other characteristics.
- 3. Complying with laws and ordinances**
 - We will respect the social norms, customs and culture of each country.
 - We will comply with the laws, regulations and ordinances enacted in each country and region.
- 4. Creating an environment of free, open-minded dialogue**
 - The associates and the Company will respect each other's views and endeavor to promote mutual understanding. Maintaining a relationship of mutual trust, the associates and the Company will make every effort to engage in sincere discussions about any issues that might arise or exist.
 - Respecting freedom of association, or not to associate, and collective bargaining, the Company will attempt to resolve any and all issues in line with the laws, conventions and usages of each respective country and region.
- 5. Maintaining a working environment where each associate can work with a sense of security**
 - The Company will provide a safe and healthy workplace where all associates can concentrate on work with a sense of security.

4 Social

- Safety 33
- Quality 47
- Human Resources 63**
 - Basic Approach 64
 - > **Global Management 65**
 - Human Resources Initiatives 67
- Supply Chain 87
- Social Contribution Activities 103

Global Management

Human Resources Vision and Strategies

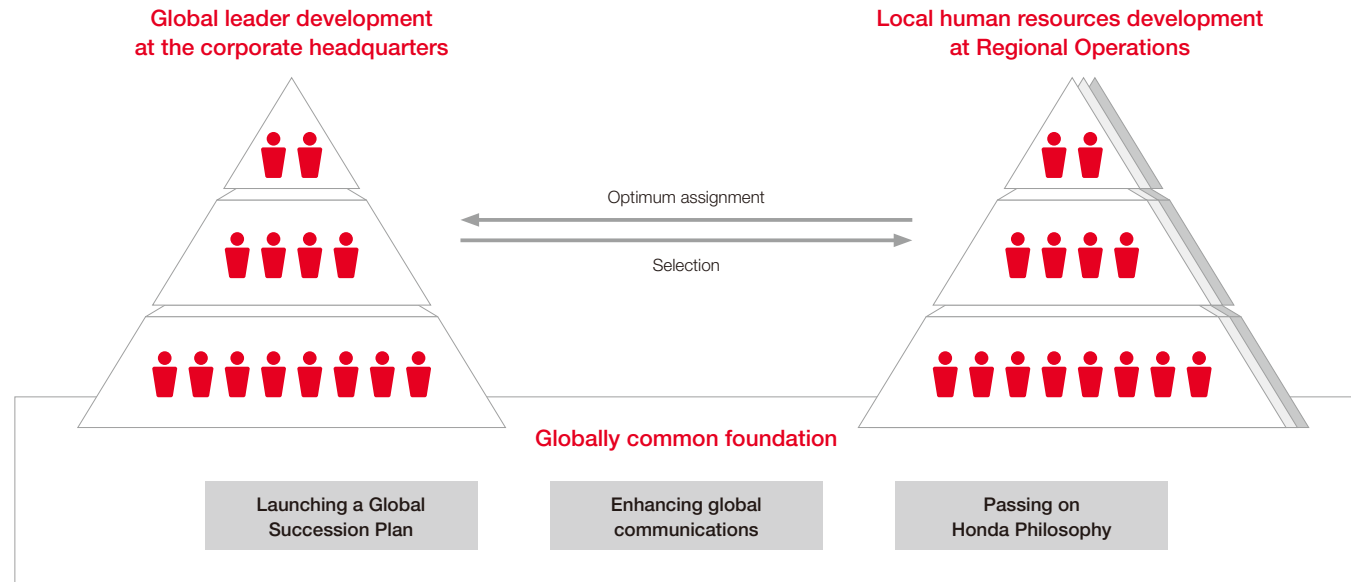
In accordance with its Company Principle, “maintaining a global viewpoint, Honda is dedicated to supplying products of the highest quality yet at a reasonable price for worldwide customer satisfaction,” Honda has been proactively developing business with a view to entering the global markets since its foundation. In regard to its expansion overseas, Honda’s business model has evolved from exporting to local production and then to local development. In recent years, in order to respond flexibly to changes in the business environment, including the acceleration of electrification, the Company has been promoting the global expansion of its businesses in cooperation with each region of the world.

In order to achieve this goal, Honda is pushing ahead with Global Human Resources Management Approaches. This initiative facilitates developing and

assigning global personnel who plan, design and develop products that reflect market demand and who deliver quality products in a stable manner.

To be more precise, Regional Operation bases used to be managed mainly by Japanese expatriates; however, this style of management is being replaced by an approach where management is run by local associates, who are most familiar with the region. By assigning associates with experience in working for local and global operations to global functions, Honda tries to diversify and localize its workforce with multinational people in order to address market changes promptly and flexibly. Honda aims for the establishment of an organization in which it can demonstrate Honda’s total strength by coordinating its operations globally.

Global human resources management approaches



4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

> **Global Management 65**

 Human Resources Initiatives 67

Supply Chain 87

Social Contribution Activities 103

Global Management

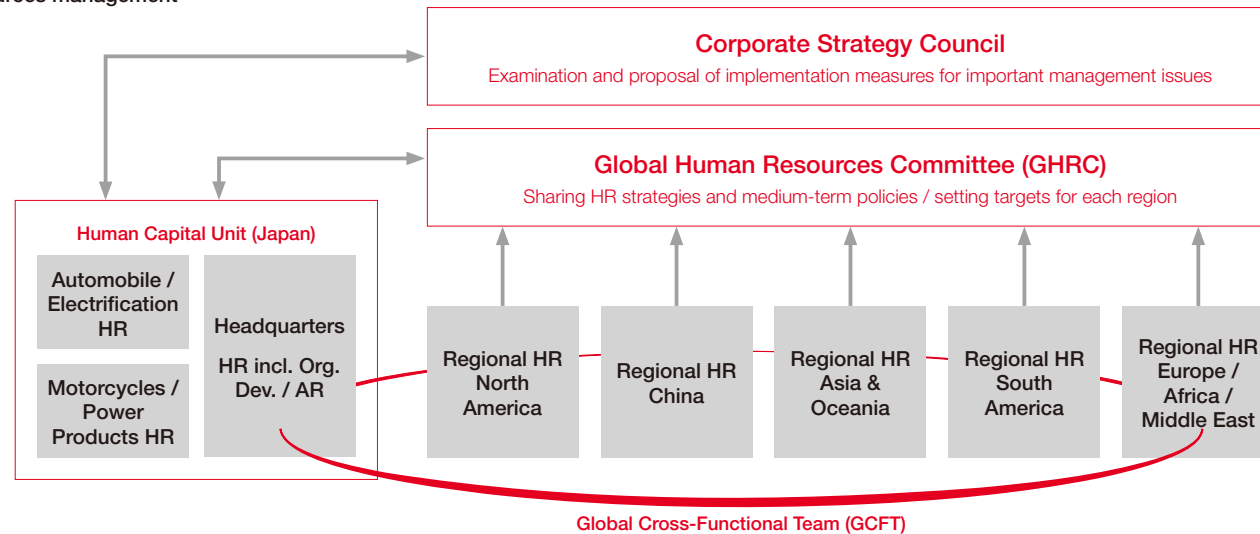
Human Resources Management Structure

At Honda, in collaboration with the Human Resources divisions of each business operation and region, global human resources strategies are formulated from a medium- to long-term perspective and discussed at the Corporate Strategy Council attended by the top management members.

The HR strategies deliberated in the Council are broken down into actionable themes for further discussion in the Global Human Resources Committee (GHRC) meeting in which associates responsible for human resources from each business operation and region attend. In line with the directions, company-wide and regional plans including targets become concrete, and activities are launched throughout the Company.

At the GHRC in 2022, discussions were held on strengthening of the global HR function to organically collaborate at a global level as the HR division and contribute to improving Honda's competitiveness as "One strong HR team". To further accelerate this effort, Honda established the Global Cross-Functional Team (GCFT), consisting of HR members selected from each region, and began to study and implement effective and comprehensive global HR measures from more diverse and global perspectives.

Global human resources management





4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> **Human Resources Initiatives 67**

Supply Chain 87

Social Contribution Activities 103

Human Resources Initiatives

Human Rights

Basic Approach

Honda upholds the idea of “Respect for the Individual” in the Honda Philosophy and includes “Respect of Human Rights” in the Honda Code of Conduct to show its policy to “maintain its stance as a company committed to practicing fairness and sincerity and respecting human rights.”

Also in the Code, Honda specifically requires its associates to “respect fellow associates, interact with them in a sincere and appropriate manner, and never engage in any form of harassment or unjust, discriminatory behavior in the workplace.”

Accordingly, based on “Respect for the Individual” in the Honda Philosophy, Honda has formulated the Honda Human Rights Policy to fulfill its responsibility to respect the human rights of stakeholders affected by its business activities.

Honda is committed to respecting human rights that are set out in the International Bill of Human Rights and the ten ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work. In addition, the Company supports the United Nations Guiding Principles on Business and Human Rights and endeavors to practice these principles in business activities.

Honda Human Rights Policy → p. 147

Promotion Structure

Honda has established the Corporate Integration Strategy Meeting, chaired by the Chief Executive Officer (CEO), to discuss and review policies and initiatives to address sustainability issues.

To sustainably implement initiatives to respect human rights, Honda has clarified the officers responsible for the initiatives, and established a Human Rights Working Team. The Team is led by the human resources and labor affairs divisions, and collaborates with many divisions involved in human rights, including the purchasing divisions and the divisions in charge of sustainability planning.

The Human Rights Working Team is working to strengthen the initiatives and encourage associates to take appropriate action through human rights due diligence measures, including assessments for Honda Group domestic and overseas business sites and suppliers, as well as awareness-raising activities.

The Team has also established a system to prevent and mitigate negative impacts and risks related to human rights in cooperation with the Compliance Committee and the Risk Management Committee.

These activities are reported annually to the Executive Council and the Board of Directors, and are linked to the Company’s sustainability management strategy.

Sustainability Management Structure → p. 05
Corporate Governance Structure → p. 111



4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> **Human Resources Initiatives 67**

Supply Chain 87

Social Contribution Activities 103

Human Resources Initiatives

Specific Initiatives

Initiatives for Human Rights Due Diligence

In its company-wide risk assessment activities, Honda has set up a category on human rights. Once a year, each department conducts a risk assessment in accordance with the Honda Group's common criteria.

The department priority risks are then identified based on the assessment results and appropriate responses are implemented accordingly.

With regard to all local subsidiaries, including joint ventures, Honda works to identify any risk concerns by conducting an annual assessment of Group companies to check if their operations comply with the Associate Relations Policies (➔ p. 64). Honda also performs monthly checks on the status of labor management of all local subsidiaries, including joint ventures, and shares the results in the Global Monthly Report. Moreover, to make an appropriate response when there is a risk concern, Honda has in place a system to share and discuss the issue through meetings with regional human resources officers.

In FY2023, no incidents were identified.

Associate Relations Policies ➔ p. 64

Remedial and Corrective Actions

Honda is striving to create an open organizational culture that allows associates to report any violation related to human rights to their respective superiors or resolve the issue among themselves. At the same time, Honda has set up the Business Ethics Kaizen Proposal Line in Japan and other regions overseas to receive consultation in a fair and neutral manner.

Business Ethics Kaizen Proposal Line ➔ p. 125

Education and Awareness-Raising Activities

Honda provides training on the Honda Philosophy all around the world. The Company also works to promote awareness and thorough implementation of the Code of Conduct by distributing leaflets, posting the relevant information on the corporate intranet, and providing training. Additionally, at the pre-assignment training conducted by job level, Honda provides overseas subsidiary managers and human resources managers with information on regional and country-specific trends and past labor disputes to promote good labor-management relations. For all expatriate associates, the Company raises their awareness of the importance of local labor management in accordance with the Associate Relations Policies, which is applied to daily corporate activities.

Furthermore, since 2022, Honda has been conducting awareness-raising activities through e-learning on human rights for all associates to enhance their understanding of norms set by the international community, the latest trends, and Honda's initiatives and Human Rights Policy.

Initiatives for Suppliers

As for suppliers, Honda published the Honda Supplier Sustainability Guidelines, which state Honda's basic approach to human rights and labor matters, such as prohibition of forced labor and child labor. Honda has asked its suppliers to put these guidelines into practice.

Sustainability Initiatives Inspection for Suppliers ➔ p. 95



4 Social

- Safety 33
- Quality 47
- Human Resources 63
 - Basic Approach 64
 - Global Management 65
 - > Human Resources Initiatives 67
- Supply Chain 87
- Social Contribution Activities 103

Human Resources Initiatives

Diversification Aimed at Leveraging Total Workforce Strength

Individual differences that are demonstrated by its workforce represent a strength of a company in flexibly responding to the ever-changing business environment. Honda pursues workforce diversification in accordance with the conditions and issues in each region of the world, believing that the integration of these individualities will evolve into innovation.

For Honda, diversification of the workforce means to enhance its total strength by providing equal opportunities to people regardless of their personal attributes, such as race, nationality, cultural background, age, gender, gender identity, sexual orientation, past career, educational background and having disabilities or not. Honda also encourages them to respect each other's individual differences and talents while exerting their own abilities to the fullest, based on Honda's philosophy of Respect for the Individual.

Specifically, each of Honda's core regions is hiring and developing personnel by setting a target for increasing the proportion of women and minority groups (in terms of race and nationality, etc.) in management and job assignments in accordance with the conditions of each region. In addition, Honda has been implementing a variety of initiatives for all associates such as facilitating the understanding of the importance of diversity and continually carrying out enlightenment activities.

Reinforcement of Career-Centered Capability Development to Encourage Self-Improvement

Honda's approach to personnel education is built around on-the-job training (OJT), specifically, building specialized skills and professional capabilities through direct experience while placing considerable emphasis on the independence of each associate and his or her eagerness to take on a challenge.

At the same time, Honda has been implementing the following specific measures to enable associates to pursue self-improvement toward the realization of careers they have autonomously envisioned, and supervisors to further support the development of each individual's abilities.

1. Holding career training by age group
2. Creating opportunities for dialogue with internal and external advisors about careers
3. Introducing assessments to objectively determine the level of business skill acquisition
4. Creating opportunities for supervisors to strengthen the ability to support subordinates' career development
5. Developing self-selective learning programs (on-line and e-learning)

Through the implementation of the above measures, Honda will further strengthen efforts encouraging associates to continue taking up a challenge while fully understanding their individual responsibilities and the significance of their work, as well as urging the management to maintain their active engagement with and provide support to associates.

Annual training hours and cost per associate → p. 143

Developing a Global Succession Plan

Honda has been developing a Global Succession Plan to systematically develop and appoint competent and motivated talents regardless of an individual's attributes (such as nationality and gender). More specifically, Honda has developed a Global Competency Model (GCM), which represents behavioral traits required of a global leader. The Company has introduced a GCM-based talent assessment system in the Global Leadership Programs renewed in 2021 as part of its efforts to promote the development of successor candidates on a global basis. At the same time, Honda has defined the preconditions and capabilities required of major global positions and facilitates matching with talent information.

In 2021, the Global Talent Board (GTB) was also established, and discussions based on the talent and position information described above were started. From 2023, with the establishment of a new GTB Working Group to discuss talents with a wider range of target groups, Honda will reorganize the Talent Board for each business operation and function to promote company-wide strategic development and appointment of talents.



4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> **Human Resources Initiatives 67**

Supply Chain 87

Social Contribution Activities 103

Human Resources Initiatives

Development of Leaders on a Global Basis and in Each Region

Along with the launch of the Global Succession Plan, Honda has updated its leader training programs in accordance with the GCM.

Since 2021, Honda has been providing the following programs globally.

- Global Leadership Program (GLP)-Transformation
- GLP-Exploration
- GLP-Discovery

While expanding the scale of GLP-Discovery program for young associates in order to form a group of future leader candidates, Honda has narrowed down the target of GLP-Transformation and Exploration programs for senior leaders, providing optimized programs for each.

In each region, Honda is also promoting the development of talents based on GCM. Going forward, the Company will continue to develop further measures in cooperation with the HR members of each business operation and region, while holding GCM as a common indicator for ALL Honda.

Passing on the Honda Philosophy

In order for Honda to promote the localization of management, it is important to share with associates around the world the standard of business judgment and codes of practice, that is, a set of values such as the Honda Philosophy, Honda core values and competency.

To this end, Honda provides training to confirm and pass on the Honda Philosophy when associates join the Company or are promoted.

Also, to make that training more practical, headquarters executives and regional top management introduce a wide range of practical examples of how they thought and made decisions based on the Honda Philosophy when making decisions and management judgments.

4 Social

- Safety 33
- Quality 47
- Human Resources 63
 - Basic Approach 64
 - Global Management 65
 - > Human Resources Initiatives 67
- Supply Chain 87
- Social Contribution Activities 103

Human Resources Initiatives

Initiatives Related to Diversity

Advancement in Workforce Diversification

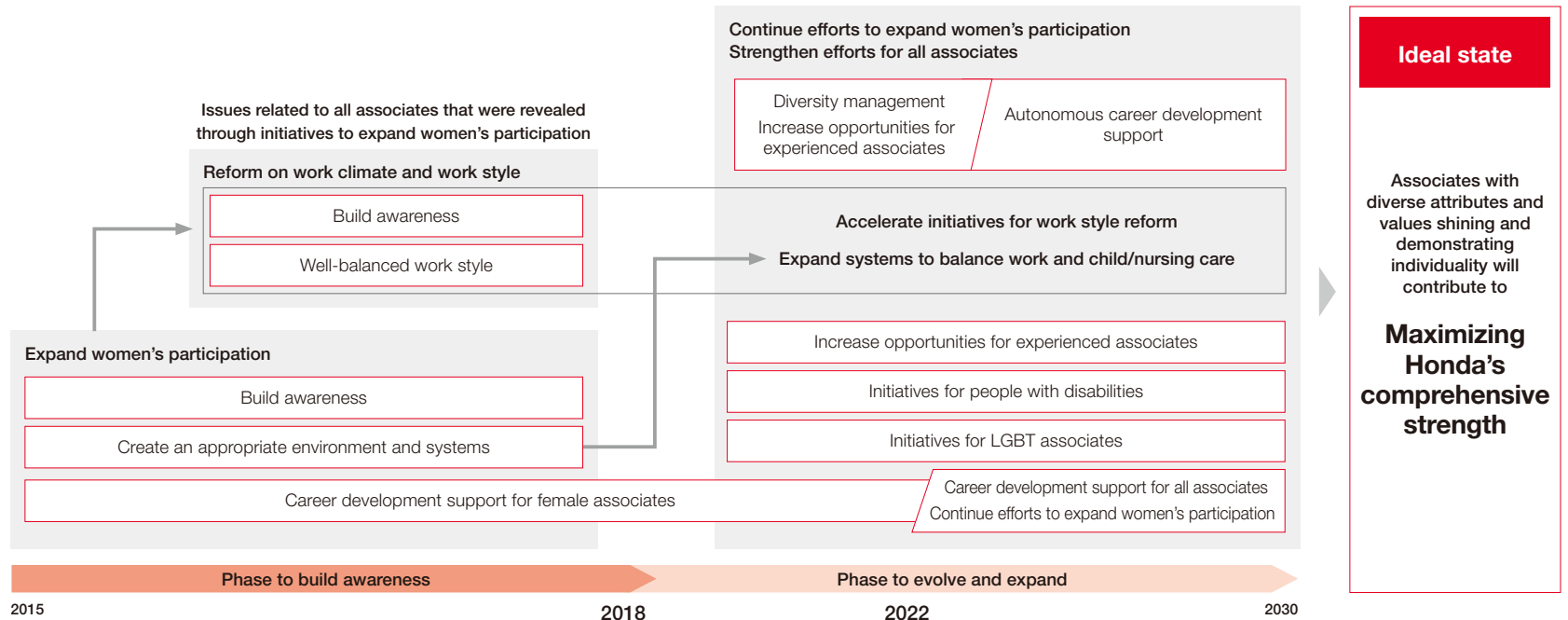
Since 2015, Honda has been positioning and promoting workforce diversification as a company-wide priority task toward demonstrating the total strength of its workforce. "People" play a main role in achieving the 2030 Vision. In addition to the experience and technology that have supported Honda's growth to date, it is now essential to spur innovation through the fusion of diverse values.

In January 2015, the Company established the Diversity Promotion Office, an organization specialized in diversifying Honda's workforce. In Japan, Honda first embarked on the expansion of women's participation. During the period from 2015

to 2017, which the Company regards as a phase to build awareness, Honda has established a foundation to realize a world where people can equally develop their careers regardless of gender.

In FY2019, the scope of efforts has extended from female associates to all associates, and Honda is moving on to the next phase of evolution and expansion. It has been promoting for all associates, including superiors responsible for managing diverse human resources, experienced associates making up the majority of its workforce, people with disabilities and the LGBT community.

Roadmap for workforce diversification at Honda





4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> **Human Resources Initiatives 67**

Supply Chain 87

Social Contribution Activities 103

Human Resources Initiatives

Promoting Diversity Management

Honda defines diversity management as the establishment of a framework that makes effective use of diverse members. It is crucial not only to have diverse human resources, but also to accept their diversity and respect individuality. Management is working to promote the development of human resources and creation of an organization with a focus on the respect for individuality, and thereby, the Company is proceeding with organizational management with the goal of further growth of Honda through frank discussions among members with diverse values, the creation of new businesses and values, and other innovations.

Major initiatives for promoting diversity management

| Initiative | Lecture on diversity management | Training for cultivating superiors' diversity skills |
|------------------------|---|---|
| Aim | Foster an appropriate work climate to accept, nurture and leverage diversity | Identify their own challenges to clarify the way they want to be and learn how to achieve that goal |
| Target | Associates holding division manager or equivalent positions and those in management positions | Associates holding division manager or equivalent positions |
| Number of participants | Total of about 1,500 over the three years since 2018 | Total of about 240 over the three years since 2018 |
| Duration | 2 hours | 8 hours/session x 4 days |

| Initiative | Event for facilitating the understanding of diversity |
|------------------------|---|
| Aim | Promote engagement of male associates in childcare / understand the need to support women's health and help create an organizational culture that makes the most of diverse individuals |
| Target | Associates in management positions / general associates |
| Number of participants | About 330 in the event held in December 2022 |
| Duration | 2 hours |



4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> Human Resources Initiatives 67

Supply Chain 87

Social Contribution Activities 103

Human Resources Initiatives

Meaning of Expanding Women's Participation

In Japan, Honda's efforts to expand women's roles since 2007 have resulted in an increase in the proportion of female associates in the workforce from 5.0% in the 2005 base year to 8.9% in 2022.

In the meantime, while Honda carries out business operations globally, the participation of women, and consequently, the proportion of women holding management positions, lags in Japan compared with other regions. In 2015, with a renewed determination to increase women in management positions, Honda has been working to achieve its target of increasing the number threefold from the 2014 level in 2020 and ninefold in 2025. As a result of its conscious efforts since then, the number of women in management positions increased 2.6 times in FY2021 compared with 2014.

Using FY2021 as the new base year, Honda has updated its target for 2025 and also set a long-term target for 2030 to triple and quadruple the number by 2025 and 2030, respectively, compared with FY2021. Toward the new target, the Company will work to reinforce human resources development at a younger age.

In addition, Honda will encourage male associates to become more involved in childcare as part of its efforts to ensure better employment practices. Specifically, the target for the percentage of men taking childcare leave has been updated to 100% by 2025. In this way, Honda is working to realize a world where people can develop their careers regardless of gender.

Honda also supports the initiative advocated by the Japan Federation of Economic Organizations (Keidanren) to raise the ratio of women occupying executive positions to 30% by 2030.

Honda's Action Plan

1. Period of plan

Five years from April 1, 2021 to March 31, 2026

2. Issues at Honda

- (1) Low percentage of women in management
- (2) Although the rate of competition for employment is equal among men and women, there are fewer female associates.
- (3) Not many male associates take part in child care.

3. Targets

- (1) Triple and quadruple the number of women holding management positions by 2025 and 2030, respectively, compared with FY2021
- (2) Increase the ratio of new recruits who are women to at least 20% by 2025
- (3) Achieve the percentage of men taking child care leave to 100% by 2025

4. Details of initiatives and period of implementation

- <Initiative 1> Continue to foster awareness of the need to embrace diversity
 - Continuously disseminate information from top management (January 2015~)
- <Initiative 2> Nurture female associates and accelerate their utilization
 - Enhance career development support by supervisors based on a career development plan (April 2015~)
 - Continue to conduct interviews regarding career path through career advisors (October 2015~)
 - Continue to provide seminars on work-life balance during child-rearing years (August 2017~)
 - Increase company nurseries; establish an environment to support associates undergoing fertility treatment, including special leave systems (April 2017~)
- <Initiative 3> Continue to strengthen the employment of women
 - Continue to conduct focused publicity for female science and engineering students (March 2015~)
 - Continue to participate in events promoting selection in science and engineering for high school students (March 2015~)
 - Secure and increase points of contact with and webinars for female associates (March 2016~)
- <Initiative 4> Promote engagement of male associates in childcare
 - Revise Honda's systems related to child care (April 2022~)
 - Initiatives to communicate and instill the idea of men taking part in child care and increase the use of relevant systems (October 2021~)

4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> **Human Resources Initiatives 67**

Supply Chain 87

Social Contribution Activities 103

Human Resources Initiatives

Initiatives for Expanding Women's Participation

In order to accelerate the expansion of women's participation, Honda has been promoting initiatives under three pillars: "Build awareness and foster an appropriate work climate," "Support career building" and "Create an appropriate environment and systems" since 2015. As an example of an external evaluation, Honda received "L-boshi" certification*1 from the Ministry of Health, Labor and Welfare as a female-friendly company in August 2018.

From 2019 to 2021, Honda focused on enhancing systems to help associates balance work and child/nursing care. This effort was geared to promote the realization of diverse workstyles that enable individual associates to yield their maximum performance regardless of their circumstances. The Company also initiated an effort to foster a corporate culture that encourages male associates to become more involved in childcare.

From FY2023, since the system of career development support for female associates has taken root, the Company integrated it into the company-wide autonomous career development policy and strengthened its efforts by expanding the scope of career interviewing and career training to all employees, including male associates. In addition, Honda is working to address women's specific health issues in order to create an environment in which female associates can develop their own careers, take on new challenges, and maximize their abilities.

- Ratio of women in management positions in the Honda workplace in Japan** → p. 144
- Percentage of women in the Honda workplace: FY2023** → p. 144
- Base salary and ratio of total compensation for males and females in Japan** → p. 144
- Major Initiatives for Expanding Women's Participation (from 2015)** → p. 145

*1 A certification program under the Act on Promotion of Women's Participation and Advancement in the Workplace. Among companies which have created and submitted an action plan, the Minister of Health, Labor and Welfare certifies those showing excellent progress in implementing initiatives for increasing women's participation.

*2 Associates who have basic knowledge of LGBT issues, personally regard LGBT issues and think and act as supporters on their own accord

Initiatives for LGBT Associates

With the aim of eliminating discrimination in terms of gender identity and sexual orientation and realizing workforce diversification, Honda has been working to create a corporate culture and environment that naturally accepts LGBT since 2019. In order to cultivate a culture to understand and accept diversity, Honda held a seminar for members of company management in 2019 and provided an e-learning program to associates in management positions in 2020. In 2021, Honda extended the target of the program to general associates as well as held an "ally"*2 seminar, which was solicited from the public, for associates to gain basic knowledge required as a supporter and show voluntary and proactive action.

In the area of personnel and welfare systems, Honda is treating associates' same-sex partners as spouses and has established an LGBT counseling hotline. By doing so, the Company has created appropriate systems and work environment, which eliminate discrimination and provide comfort and motivation. Additionally, as part of promotion of corporate activities to facilitate society's understanding of LGBT, Honda is supporting LGBT-related and other events. The Company has supported Business for Marriage Equality, a campaign to make visible companies that support marriage equality (legalization of same-sex marriage), since September 2021.

As a result of these efforts, Honda has received the highest Gold rating in the PRIDE Index, which was created by the voluntary organization "work with Pride" to evaluate companies' efforts to create an LGBT-friendly workplace in Japan, for three consecutive years since 2020.

Initiatives for LGBT Associates

| Initiative | LGBT ally seminar |
|------------------------|---|
| Aim | Provide an opportunity to acquire knowledge as an ally (supporter) and to act voluntarily |
| Target | Associates in management positions / general associates |
| Number of participants | Total of about 520 in the seminars conducted annually from 2021 (3 times in total) |
| Duration | 1.5 hours |



4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> **Human Resources Initiatives 67**

Supply Chain 87

Social Contribution Activities 103

Human Resources Initiatives

Increasing Opportunities for Experienced Associates to Expand Their Roles

In order for Honda to maximize its comprehensive corporate strength toward the realization of the 2030 Vision, each associate needs to adapt to a change in his or her work resulting from the changes in company operations. Honda has prepared a training program of autonomous career development measures for all associates starting in 2021. The program offers an opportunity for experienced associates who have supported Honda's growth to date to consider autonomous career development focused on individuals.

In terms of the creation of necessary systems, Honda introduced a flexible retirement system in April 2017 to allow associates to choose when to retire (up to the age of 65) according to their plan in order to provide a more suitable working environment for people aged 60 and over.

With the aim of responding to changes in the working environment and more diverse senses of value, Honda implemented a career change support system and a system of shorter workweek and shorter working hours in April 2021 for associates aged between 55 and 58. In step with the times, the Company thereby supports associates' new challenges for demonstrating their strengths in new fields and for following their own lifestyles.

Overview of career training for experienced associates

| Initiative | Training for experienced associates | Career training (Meister Class) |
|------------------------|---|---|
| Aim | Consider what they want to accomplish for a fulfilling life, both officially and privately, and foster a willingness to take steps toward further personal growth | Provide an opportunity for each individual to face themselves and envision what they want to be in the future |
| Target | Associates in management positions / general associates aged 50 to 64 | Associates in management positions / general associates aged 50 to 64 |
| Number of participants | Total of about 2,170 from Dec. 2021 to Jun. 2022 | Total of about 1,360 from Aug. 2022 |
| Duration | 7 hours | 7 hours |

Employment of People with Disabilities

Honda actively provides jobs to people with disabilities at its business sites in compliance with laws in each country where it does business.

In Japan, based on the idea of normalization, Honda has been a pioneer in society's efforts in promoting the employment of people with disabilities.

Honda seeks to enable individual associates, regardless of their disability, to make the most of their talents and contribute to society through their work. To this end, the Company is improving the workplace environment so that people with disabilities can work alongside able-bodied people, while taking into consideration each person's disability status.

Honda also established three affiliates in Japan to empower and provide employment opportunities to people with disabilities: Honda Sun Co., Ltd. in 1981, Kibounosato Honda Co., Ltd. in 1985 and Honda R&D Sun Co., Ltd. in 1992 (merged with Honda Sun Co., Ltd. on April 1, 2021).

Employment of individuals with disabilities at Honda Group companies in Japan in FY2023 stands at 2.35%, or 1,005 individuals, which is above the legally mandated level of 2.3%.

Number of associates with disabilities and percentage of employment of individuals with disabilities in Japan → p. 144

4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> **Human Resources Initiatives 67**

Supply Chain 87

Social Contribution Activities 103

Human Resources Initiatives

Advancement of Diversification in Employment

Honda will strive to raise the total strength of its global workforce by proactively hiring human resources with diverse backgrounds and enabling these diverse human resources to fully demonstrate their abilities.

The main initiatives undertaken in Japan are as follows.

■ **Employment of women**

With the goal of increasing the ratio of new recruits who are women to at least 20% by 2025, Honda is strengthening initiatives such as participating in and holding industry and company information sessions especially targeting female students majoring in math and science. The percentage of women among new graduates hired in FY2023 was approximately 19.5%.

■ **Mid-career employment**

Amid major changes in the business environment, Honda is strengthening and expanding the employment of work-ready, mid-career workers. In FY2023, mid-career associates accounted for approximately 46% of the total number of new hires.

Moreover, mid-career associates constituted roughly 28% of new managers appointed in FY2023 and play active roles as core human resources after joining the Company.

■ **Employment of people with disabilities**

Honda proactively hires people with disabilities not only at affiliates but also at each business site and promotes the creation of a comfortable working environment.

■ **Global hires**

Honda has been recruiting foreign exchange students studying at universities and graduate schools in Japan and started a Global Employment Program to hire human resources directly from overseas labor markets.

Number of global hires → p. 144

Helping Associates Balance the Demands of Work, Parenting, Nursing Care and Medical Treatment

In Japan's increasingly aging society with a declining birthrate, establishing an environment where people can balance work, parenting, nursing care and medical treatment is a social issue. Under such circumstances, Honda works actively to provide programs that help associates balance the demands of work, parenting, nursing care and disease or fertility treatment, and to gain an understanding of these programs by sending information by means of guidebooks and the corporate intranet.

In April 2014, Honda introduced a Selection-based Welfare Program (Cafeteria Plan) giving associates the options of support for nursing care, as well as life events such as childbirth and child care, including babysitter agent services and child-care items rental.

As a result of these initiatives, Honda has been certified as a company that supports child-rearing by the Japanese Minister of Health, Labor and Welfare. Honda has been implementing other initiatives as well to meet diverse needs of individual associates. Specifically, the Company introduced a system of transfer and a system of leave in April 2018 for associates to accompany their spouses being transferred. In April 2019, the Company also extended the scope of its existing system of short working hours, remote work system and half-day paid leave system. Beginning from April 2020, Honda introduced a system of short-term leave for disease and fertility treatment and a system of long-term leave for fertility treatment. In addition, the Company has introduced postpartum partner leave starting in April 2022 and childbirth leave starting in October 2022 to encourage associates to participate in childcare as partners.

Honda will continue to establish systems and an environment to accelerate initiatives related to diversity (→ p. 71) and enable both varied lifestyles and careers desired by individual associates.

Number of associates who utilize child/nursing care support in Japan → p. 144

Reinstatement rate (%) in Japan after taking child care leave → p. 144

4 Social

- Safety 33
- Quality 47
- Human Resources 63
 - Basic Approach 64
 - Global Management 65
 - > Human Resources Initiatives 67
- Supply Chain 87
- Social Contribution Activities 103

Human Resources Initiatives

External Evaluations of Honda's Initiatives for Promoting Diversity

“L-boshi” Certification

In August 2018, Honda received the ‘L-boshi’ certification from the Japanese Minister of Health, Labor and Welfare, which recognizes the company as promoting female participation.



“Kurumin” Certification

In July 2012, Honda received the ‘Kurumin’ certification from the Japanese Minister of Health, Labor and Welfare, which recognizes the company as supporting child-rearing.



PRIDE Index 2022

In November 2022, Honda received the highest Gold rating in the PRIDE Index – an index that evaluates companies’ efforts to create workplaces that are friendly to sexual minority groups, including LGBTQ.



Selected for the New Diversity Management Selection 100

In March 2019, Honda was commended by the Minister of Economy, Trade and Industry for its diversity management which leads to value creation by leveraging the abilities of diverse human resources.



Direction of Future Initiatives

In addition to recruiting diverse human resources, Honda views the acceptance of diversity as an integral element of its philosophy on diversity. Honda believes that respect of the individual will help foster individuality and draw out each person’s unique abilities, thus increasing motivation at work.

Honda will maintain its ongoing initiatives to expand the participation of women. At the same time, it will extend their scope to all associates to further advance and expand diversity in the true sense of the word. As the world enters an era of great uncertainty and an era of the 100-year life, Honda is reaching the second foundation phase and it is becoming more important that each and every associate will autonomously explore his or her own career, exercise independence and achieve personal growth. By going ahead with the establishment of a system to support associates’ voluntary career development, Honda will strive to provide greater motivation at work for associates and strengthen both individual and organizational competitiveness.



4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> Human Resources Initiatives 67

Supply Chain 87

Social Contribution Activities 103

Human Resources Initiatives

Building Motivating Work Environments

Realizing Work Styles That Pursue the Quality of Output and More Effective Use of Time

As expressed in the saying “Work hard and play hard,” Honda has been striving to increase the density of working hours through new ideas and ingenuity and generate more time to enjoy life. Toward this goal, proactive efforts have been made to build work environments that enhance associates’ motivation at work. These efforts date back more than 50 years to the 1970s and include the introduction of shorter work hours and implementation of an initiative jointly promoted by labor and management to encourage associates to use their allotted vacation time in full*.

From the viewpoint of work style reform, Honda is further evolving its initiatives to create a culture and environment that enables diverse human resources to demonstrate their abilities to the fullest in order to pursue the quality of output and make the most effective use of limited time. While implementing appropriate time management, Honda has been making efforts to encourage flexible work styles for increasing output within a limited amount of time and to raise awareness of both management and associates for streamlining work and promoting the delegation of authority. Honda has also been engaging in additional year-round activities geared toward improving productivity.

In addition, Honda has eliminated core hours at the time of arrival at work, allowing for a more flexible work style regardless of where associates work.

In pursuit of maximum efficiency and results for both the individual and the organization, the Company’s basic policy is to have associates come to the office and work face-to-face (in real life). At the same time, however, the Company allows for the effective use of remote work system based on management judgment, taking into account the job description, experience, and work flow of individual associates. In particular, regarding remote work for reasons such as childcare or nursing care, the Company gives consideration to the extent possible and operates in a flexible manner.

As a result, total annual working hours averaged 1,963 per associate in FY2023, and associates averaged 20.1 paid vacation days.

* An initiative to prevent vacation days from being lost when the number of annual paid vacation days that can be carried over to the next year is exceeded

Furthermore, with the aim of accelerating inter-organizational cooperation and individual independence, the rules of the flextime system have been standardized throughout the Company since April 2023. Honda is creating an environment that encourages collaboration across organizational boundaries and helps associates with a strong will to demonstrate their abilities through more flexible work styles, so that each and every associate can feel job satisfaction.

Total working hours per associate and average paid vacation days taken in Japan → p. 146

Counseling Hotlines for Associates

Honda supports associates by operating a variety of counseling hotlines as a way to build a healthier work environment.

Examples of counseling hotlines in Japan

| Hotlines | Description |
|--|--|
| Counseling hotlines dedicated to balancing work, parenting, family life responsibilities and medical treatment | Honda operates a counseling hotline at each worksite’s human resources and general affairs department to accommodate counseling requests from associates striving to balance work and family responsibilities, and to promote awareness and utilization of the Company’s support programs. Each hotline is staffed by a pair of male and female counselors, who field counseling requests from associates themselves and from their supervisors. |
| Harassment counseling hotline | Honda operates a harassment counseling hotline for all associates in order to prevent any harassment in the workplace and to facilitate the rapid and appropriate resolution of incidents. |
| LGBT counseling hotline | Honda operates a hotline for LGBT associates to accommodate requests for advice on their worries and problems and inquiries about support programs. The hotline also provides advice to other parties concerned, who are unsure of how to respond to LGBT associates, and works to prevent negative consequences of unintended outing. |
| Life planning seminar hotline | Honda offers life planning seminars to give associates an opportunity to start thinking about their life purpose, health and economic planning so that they will be able to lead a rich and fulfilling life. Seminars are also open to associates’ spouses. In-house seminar instructors and a secretariat offer one-on-one counseling for associates who have participated in the seminar. |



4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> **Human Resources Initiatives 67**

Supply Chain 87

Social Contribution Activities 103

Human Resources Initiatives

Evaluation and Treatment

Personnel Evaluation System

In accordance with Respecting Initiative, Ensuring Fairness and Encouraging Mutual Trust based on the Three Principles of Personnel Management, Honda has introduced human resource evaluation programs that are tailored to the specific regional characteristics in each region of the world.

For example, in Japan, Honda places emphasis on two-way communication with supervisors in associate development and evaluation, and all associates have at least five interviews with their supervisors each year. During the first interview in April, which is the beginning of the fiscal year, associates come out with their desired career and future vision, and how to realize that aspiration through their supervisor's advice. They then work out their individual role and action targets based on the organization's business goals for the fiscal year in question.

At biannual interviews, associates themselves look back on their performance during the preceding six months and report to supervisors. Feedback interviews are then conducted, in which supervisors evaluate associate performance and initiatives and feed back each associate's strengths and weaknesses. Additionally, by facilitating a discussion of subjects such as future objectives and career directions, the interviews pave the way for associates' skill development and raising motivation.

Percentage of associates going through the evaluation programs → p. 146

Compensation and Incentives

Based on the Three Principles of Personnel Management, Honda gives its associates equal opportunities to make the most of their individual potential and carefully evaluate their abilities and accomplishments at business sites regardless of personal factors. Honda's compensation and evaluation system is built in line with the above approach in consideration of the needs and conditions of each region.

Honda in Japan has adopted a compensation and evaluation system in which performance of general associates is evaluated in two stages: development of abilities and demonstration of abilities. In the former stage, Honda places emphasis more on how associates' abilities evolve, whereas associates' demonstration of abilities and achievement are focused on in the latter stage. An annual salary system is applied to compensation for associates in management positions or higher. The higher their positions are, the more their accomplishments and company performance are taken into consideration.

Percentage of performance-based remuneration in Japan → p. 146

Starting salary in Japan → p. 146



4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> Human Resources Initiatives 67

Supply Chain 87

Social Contribution Activities 103

Human Resources Initiatives

Establishing a Good Relationship with Associates

Creating an Environment of Free and Open Dialogue

In accordance with Encouraging Mutual Trust based on the Three Principles of Personnel Management, Honda declares in the Associate Relations Policies that associates and the Company will respect each other's views and endeavor to promote mutual understanding. Maintaining a relationship of mutual trust, associates and the Company will make every effort to engage in sincere discussions about any issues that might arise or exist. In line with the policies, Honda strives to maintain a good relationship and resolve issues that arise through dialogues with its associates.

In addition, an appropriate notification period is set in advance in case of the implementation of important corporate measures that have a marked impact on associates.

Measurement of Associate Engagement

Honda measures associate engagement in all regions to obtain associate feedback for building a healthier and more comfortable work environment.

The measurement is conducted based on the common criteria within each region, with the target of achieving a "very good" engagement level of associates working at Honda in each region.

The measurement results are used as basic data in activities to create a work environment in which each associate shines and demonstrates individuality.

In Japan, Honda has been monitoring changes in associates' engagement level every year since 2018. The degree of attainment of target values, changes over time, and comparison results with other companies are fed back to each workplace.

Managers at the section manager level and above at each workplace use the detailed results by department with the aim of creating an environment that provides greater motivation at work for diverse human resources, and work to understand the actual situation in the workplace, provide feedback to members, and engage in free and vigorous dialogue for workplace development.

Associate engagement in Japan → p. 146



4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> **Human Resources Initiatives 67**

Supply Chain 87

Social Contribution Activities 103

Human Resources Initiatives

Occupational Safety and Health

Honda's efforts to build a safe and secure work environment have their origin in the Company Principle formulated in 1956.

They are also based on the Fundamental Beliefs of "Respect for the Individual" and "The Three Joys."

Under the safety principle of "no safety, no production," which has been passed on since its founding, Honda seeks to realize a work environment that brings the joy that all people can work with a true sense of security.

Based on this principle, Group companies in all parts of the world have established basic policies for occupational safety and health based on respective regional needs and conditions. To eliminate serious industrial accidents in Japan and overseas, Group companies also promote activities aimed at preventing industrial accidents and their recurrence, as well as ensuring the health of associates.

In December 2022, the Company also created a mid- to long-term "Safety and Health Policy," which outlines the safety and health activities to be practiced by associates around the world. Based on this policy, Honda strives to create a safety and health workplace, while each associate works to maintain such a workplace and to prevent and minimize accidents.

Safety and Health Principles

Honda's safety principle of "no safety, no production," is based on the concept of how important and precious it is for each and every associate to be able to work safely and to the best of their ability in both physical and mental health, and the Company will strive to be progressive in its actions to achieve a safe workplace.

Safety and Health Policy

Aiming for a safe, healthy, and lively workplace, the Company will conduct safety and health management activities based on the company-wide safety policy with the aim of fostering and spreading a culture of safety among all associates: from "safety that is given to us" to "safety that we protect ourselves and safety that we create for ourselves."

Safety and Health Activities

1. We will perform the risk evaluation of work related business operations, and invest resources as much as necessary to prevent occupational accidents.
2. We will disseminate the safety and health policy, and all associates will perform safety and secure workplace by implementing safety training and safety activities.
3. We will observe the related regulations and internal standards and work on all aspects of accident prevention and healthy maintenance promotion.
4. We will implement and operate this policy and the safety and health management manual accordingly and perform the improvement of safety awareness for all associates.
5. We will support mental and physical health maintenance promotion positively and practice health management.
6. We will have the awareness and responsibilities as associates of Honda and eradicate 4 pernicious traffic violations and positively act on "Zero traffic accidents".

4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> **Human Resources Initiatives 67**

Supply Chain 87

Social Contribution Activities 103

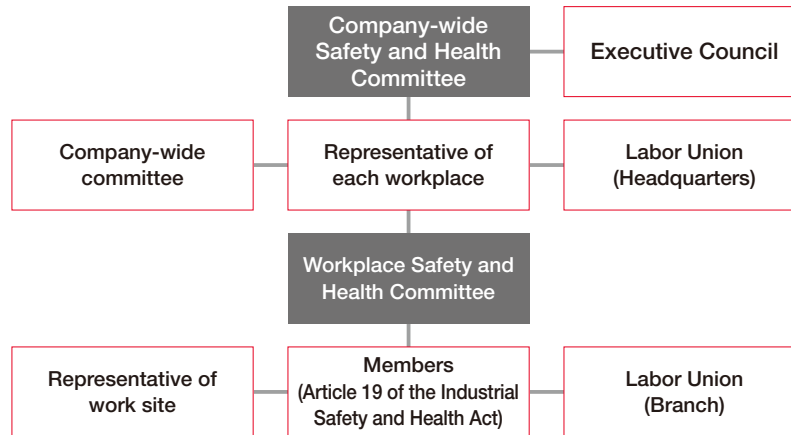
Human Resources Initiatives

Safety and Health Governance Structure

Honda has established a Company-wide Safety and Health Committee chaired by the vice president in 2022 to strengthen safety and health within the Honda Group by providing company-wide policies and implementation instructions for horizontal deployment regarding the occurrence of serious accidents, etc.

As for a workplace*1 safety and health governance structure, Honda has established a Safety and Health Committee, led by the Safety and Health Management Division, to enforce safety and health governance. Issues are shared and discussed jointly among labor and management for establishing a system to realize a safe and comfortable work environment.

Committee system diagram



Additionally, the Company-wide Safety and Health Audit Committee, chaired by the vice-chairman of the Company-wide Safety and Health Committee, conducts occupational safety and health audits to check on the operation of an Occupational Safety and Health Management System (OSHMS) and progress in implementing compliance-related matters, thereby ensuring a high level of safety and health standards throughout the Company.

*1 In accordance with the Industrial Safety and Health Act, each organization is described as a "workplace" in this part.

*2 Refers to working environment management, work management and health management and constitutes the fundamental approach to work and health management.

Safety Initiatives

Domestic and Overseas Workplaces

To increase the effectiveness of safety management at each workplace in Japan and in each overseas region, the Regional Operations take the lead in carrying out proactive activities by focusing on the implementation of an occupational safety and health management system, diffusion and execution of risk assessment and the establishment of explosion and fire prevention measures.

Honda also conducts occupational safety and health audits and reviews based on a plan to share recognition of safety and health management. At the same time, the Company strives to improve the management system as well as to develop human resources for safety control at each domestic workplace and in each overseas region.

Collaboration with Domestic Related Group Companies

The Company has established a safety hotline between Honda and related group companies and is working to prevent the recurrence and prevention of accidents through speedy development in cooperation with each company and the exchange of information that contributes to the improvement of safety and health activities.

Creating working environment criteria

Honda stipulates workshop environmental criteria in its Comfortable Workplace Guidelines and Hazardous Operations Management Regulations. In accordance with the three basic items of work and health management*2, the Company performs periodic inspections and improvements to appropriately maintain and manage its working environments.

4 Social

- Safety 33
- Quality 47
- Human Resources 63
 - Basic Approach 64
 - Global Management 65
- > Human Resources Initiatives 67
- Supply Chain 87
- Social Contribution Activities 103

Human Resources Initiatives

Safety and health education and training

The department, responsible for supervising company-wide safety and health, plays a key role in providing training for safety engineers in machinery and equipment (Safety Assessor training*1) and other training programs aimed at developing safety and health experts, and the number of accidents and fires caused by machinery and equipment has steadily been reduced.

In addition, Honda develops managers and auditors at all levels through Occupational Safety and Health Management System training.

Each workplace also provides various training programs for its associates.

Training situation for safety and health (accumulated number of participants)

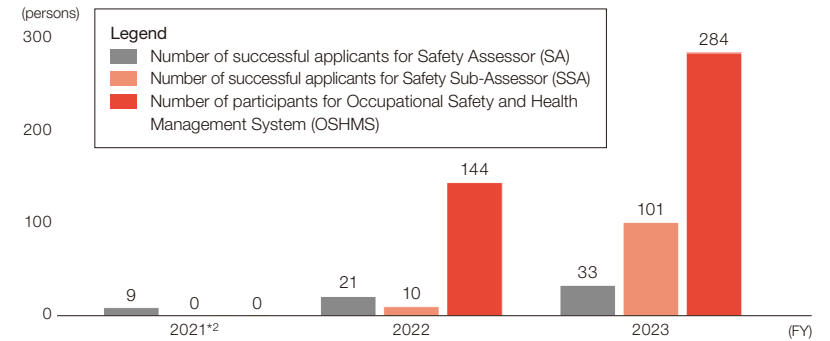
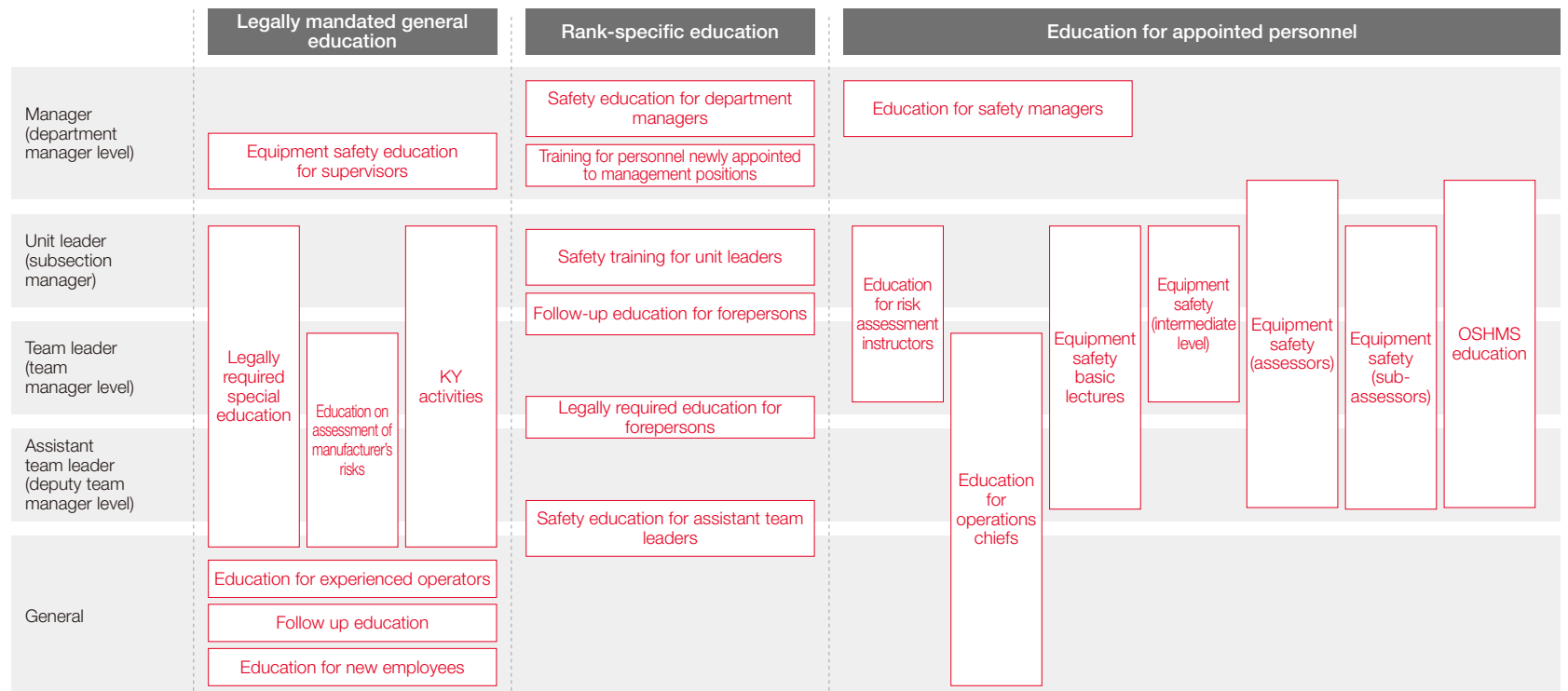


Diagram of Honda's health and safety training scheme (production activities)



*1 Assessor : A person who makes a judgement or evaluation.
 *2 In 2020, there was an impact of course cancellation due to an increase in the number of COVID-19 infected patients

4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> **Human Resources Initiatives 67**

Supply Chain 87

Social Contribution Activities 103

Human Resources Initiatives

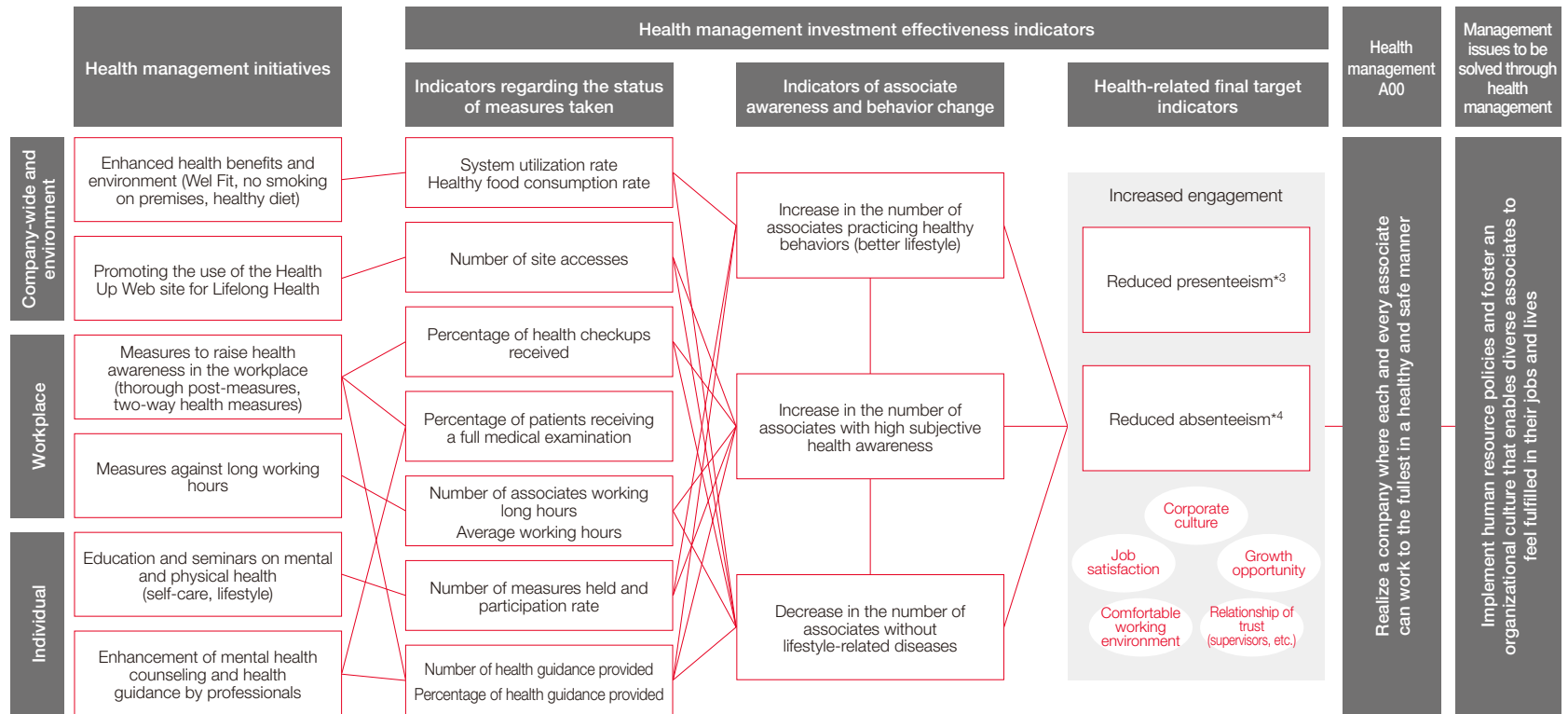
Initiatives for Health and Productivity Management

Honda hopes that all of its associates remain healthy in the same way we strive for safety.

Honda aims to become a company in which each associate works safely and energetically while remaining healthy both physically and mentally as they make their own efforts to maintain and promote their health for their own future in a comfortable work environment.

Toward achieving this goal, Honda has formulated a Health Statement and set three pillars*1 and five matters for better health management *2, which represent its health and productivity management policies. Under the top message “Keep taking up a challenge in maintaining and improving health, as strengths of individuals lie in being healthy,” Honda is promoting health and productivity management in which everyone voluntarily strives to maintain and improve health.

Honda Health Management Strategy Map



*1 Three pillars:
 (1) Promote more educational activities on how each individual can work toward becoming healthier and staying healthy; Provide more feedback on results of the periodic health checkups and physical fitness tests
 (2) Conduct activities involving the whole workplace for promoting more health awareness
 (3) Promote activities for continuously improving the workplace environment

*2 Five matters for better health management:
 (1) Enough good quality sleep
 (2) Nutritionally well-balanced meals
 (3) Habit of regular physical exercise
 (4) No smoking
 (5) Only moderate drinking

*3 Presenteeism: condition in which the employee is attending work, but productivity is declining due to health issues

*4 Absenteeism: absence from work (sick leave) due to health problems



4 Social

Safety 33

Quality 47

Human Resources 63

 Basic Approach 64

 Global Management 65

> **Human Resources Initiatives 67**

Supply Chain 87

Social Contribution Activities 103

Human Resources Initiatives

Major Activities under the Three Pillars

(1) Promote more educational activities on how each individual can work toward becoming healthier and staying healthy; Provide more feedback on results of the periodic health checkups and physical fitness tests

For realizing lifelong health, Honda strives to create an appropriate environment for carrying out enlightenment activities and making health promotion efforts. Such efforts include providing monthly newsletters on topics concerning the Five Matters for Better Health Management and operating a specialized website on health-related information.

As another example, Honda promotes the establishment of a more favorable lifestyle by educating people on how to get a good quality sleep and how to deal with the effects of alcohol.

(2) Conduct activities involving the whole workplace for promoting more health awareness

Honda encourages more proactive health promotion efforts at the workplace by aggregating and sharing information on the status of initiatives related to the Five Matters for Better Health Management by workplace or department.

(3) Promote activities for continuously improving the workplace environment

To encourage its associates to take well-balanced meals, Honda offers daily healthy menus that give appropriate consideration to the caloric intake, salt content and vegetable intake at its company cafeterias. On the monthly "Healthy Food Day," Honda provides health-themed dishes by making full use of the characteristics of the ingredients in all menus.

To make physical exercise a habit, the Honda Health Insurance Association allots points based on daily pedometer records. Honda also encourages exercise by providing financial support to associates using fitness and sports facilities, participating in sporting events and purchasing sporting goods as part of its welfare program.

In addition, the Company is providing seminars to assist smokers in quitting smoking.

Measures to Promote Mental Health

In 2009, Honda announced a Mental Health Policy and has since been working on both creating vitality in associates and in the workplace and providing problem-solving support in an organized, systematic and ongoing manner.

Honda-Wide Mental Health Policy

Basic approach

Based on its fundamental belief of Respect for the Individual, Honda embraces individual diversity and values communication, and by doing so, will make its utmost efforts to maintain well-being so that all associates dedicate themselves to their jobs with enthusiasm while drawing energy from and taking pride in their work.

Activity structure

To implement mental health activities, Honda has established a companywide mental health promotion team specialized in activity planning and management. Each of Honda's business sites has also established its own workplace mental health promotion team.

Honda's major mental health initiatives to promote the mental wellbeing of its associates include "preventative education," "improving working environments," "checking stress levels," "enhancing counseling programs" and "support for those returning to work after taking time off." The Company also distributes leaflets and pamphlets to associates aimed at facilitating an understanding of mental health care.

4 Social

- Safety 33
- Quality 47
- Human Resources** 63
 - Basic Approach 64
 - Global Management 65
- > **Human Resources Initiatives** 67
- Supply Chain 87
- Social Contribution Activities 103

Human Resources Initiatives

External Evaluations

Recognized under the 2023 Certified Health & Productivity Management Organizations Recognition Program

Following the previous year, Honda was again recognized in the large enterprise category of the 2023 Certified Health & Productivity Management Organization Recognition Program. Jointly promoted by Japan's Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi, the program recognizes companies that consider health management of employees from a corporate management viewpoint and strategically promote related efforts.



4

Social

Supply Chain

Material issues

- Responding to climate change and energy issues
- Deploying total supply chain sustainability initiatives

4 Social

Safety 33

Quality 47

Human Resources 63

Supply Chain 87

> Basic Approach 88

 Basic Approach to Purchasing 89

 Global Management of Purchasing 91

 Purchasing Initiatives 92

 Basic Approach to Logistics 97

 Global Management of Logistics 98

 Logistics Initiatives 99

 Joint Efforts with Industry Groups and Suppliers ... 102

Social Contribution Activities 103

Basic Approach

Strengthening Supply Chain Sustainability

In order to provide customers with a timely, stable supply of better products and services, it is necessary to put significant effort into developing and optimizing supply chains with suppliers around the world while also taking into account environmental and human rights issues.

Companies within the automobile industry, which is a broad-based industry supported by many suppliers, must pursue the reduction of not only their own environmental impacts but also those of suppliers throughout their entire supply chain.

Additionally, as awareness of compliance and human rights issues grows worldwide, companies are expected to verify working conditions and legal compliance not only for themselves but also for their suppliers, as well as make efforts to take corrective action if required.

Honda has issued the "Honda Supplier Sustainability Guidelines" to share its approach to sustainability with suppliers worldwide and to promote it in conjunction with them.

Based on this guideline, Honda will actively promote sustainable initiatives at its development and manufacturing facilities in cooperation with its suppliers. By doing so, Honda is seeking to realize a supply chain where Honda co-exists and co-prospers with local communities as a company society wants to exist.

Honda is striving to strengthen supply chain sustainability, mainly in the areas of purchasing and logistics.

Additionally, as part of this fiscal year's organizational restructuring, we integrated the procurement and logistics areas and newly established the 'Global Conference' as a global meeting structure for the entire supply chain, which had been focused on logistics as the 'Global SCM Committee' until last fiscal year.

This meeting body holds conferences in all regions with the following three main objectives.

- Discuss common themes in the 6 regions at appropriate timing and members allocated to each theme
- Directly discuss and resolve global issues originating from each region among top executives in the supply chain purchasing area
- Share issues that may become challenges in the future and discuss the direction of responses

Overview of supply chain



4 Social

Safety 33

Quality 47

Human Resources 63

Supply Chain 87

 Basic Approach 88

> Basic Approach to Purchasing 89

 Global Management of Purchasing 91

 Purchasing Initiatives 92

 Basic Approach to Logistics 97

 Global Management of Logistics 98

 Logistics Initiatives 99

 Joint Efforts with Industry Groups and Suppliers ... 102

Social Contribution Activities 103

Basic Approach to Purchasing

Purchasing Belief, the Three Purchasing Principles, and Guiding the Code of Conduct for Purchasing Associates

Honda's goal is to achieve a sustainable society across the supply chain. The Company implements initiatives with consideration for the environment, safety, human rights, compliance and social responsibility, among others, in partnership with its suppliers worldwide. Based on the Honda Philosophy, the Company established the Purchasing Belief and Three Purchasing Principles and engages in business that is fair and equitable with transparency.

Honda has also compiled points that should be followed by each and every associate engaging in purchasing activities as the Guiding the Code of Conduct for Purchasing Associates. By following these Rules, the Company ensures trust both internally and externally and builds sound relationships with suppliers.

Purchasing Belief and Three Purchasing Principles

We do fair and equitable business with transparency based on the "Purchasing Belief" and the "Three Purchasing Principles."

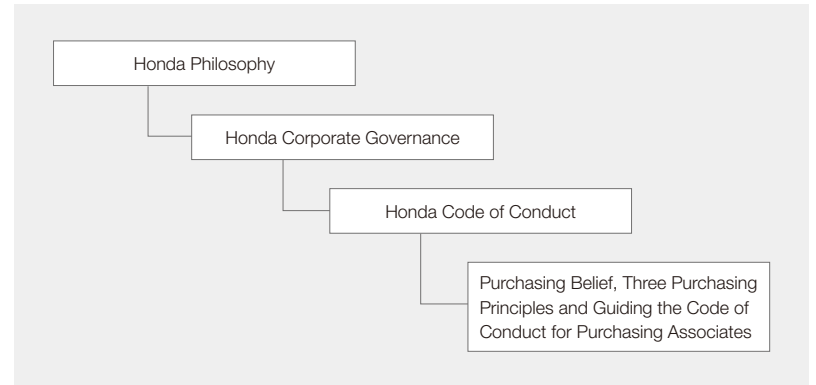
Purchasing Belief

We sustain the procurement of good products at reasonable prices and in a timely manner.

Three Purchasing Principles

| | | |
|--|--|--|
| <p>Fair and open trade</p> <p>We do business with suppliers who can satisfy the requirements of quality, quantity, price and timing and who can share the concept of sustainability with us, based on open competition.</p> | <p>Equal partnership</p> <p>We conduct business on an equal footing regardless of the business size of the supplier or their nationality and other factors.</p> | <p>Respect for suppliers</p> <p>We respect suppliers' management and dignity.</p> |
|--|--|--|

Positioning of Purchasing Belief, Three Purchasing Principles and Guiding the Code of Conduct for Purchasing Associates



4 Social

Safety 33

Quality 47

Human Resources 63

Supply Chain 87

 Basic Approach 88

> Basic Approach to Purchasing 89

 Global Management of Purchasing 91

 Purchasing Initiatives 92

 Basic Approach to Logistics 97

 Global Management of Logistics 98

 Logistics Initiatives 99

 Joint Efforts with Industry Groups and Suppliers ... 102

Social Contribution Activities 103

Basic Approach to Purchasing

Engagement with Suppliers

In its global parts procurement activities, Honda has set forth its Sustainability Vision, which aims to promote sustainability initiatives together with its suppliers around the world and to realize a supply chain that can coexist and co-prosper with local communities. Furthermore, based on the vision, the Company has issued the Honda Supplier Sustainability Guidelines as a policy to share its approach to sustainability with its suppliers around the world and to promote it together. (Please refer to the links on the right.)

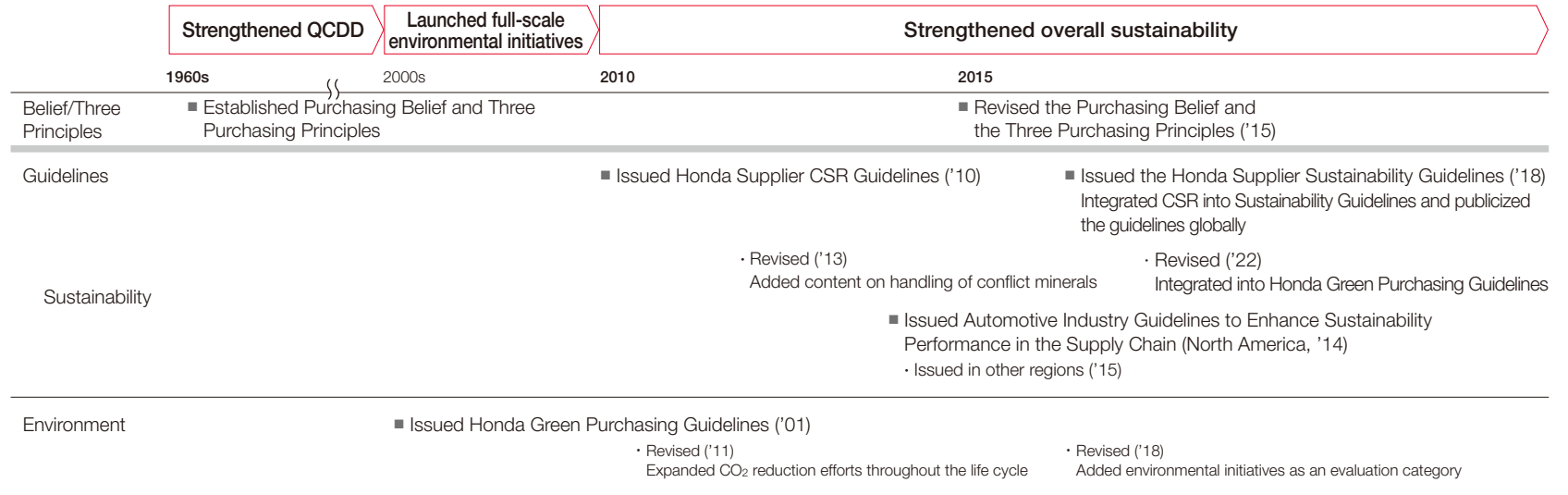
Through the Guidelines, Honda seeks to prevent compliance violations and other issues in advance, along with reducing its environmental impact.

If a supplier fails to follow the Guidelines, Honda immediately receives a report from the supplier and works to prevent a recurrence by asking them to analyze the cause and draw up a corrective action plan.

If the corrective action plan received from the supplier is determined to be inappropriate, Honda considers its future business relations with them, taking into account the social impact of the problem.

In addition, the Company is working to instill and promote the Guidelines

Changes in purchasing operations



throughout the entire supply chain by performing checks on the status of suppliers' related initiatives and utilizing sustainability-related check sheets for sub-tier suppliers.

When selecting suppliers for components and raw materials based on these sustainability policies, Honda confirms their initiatives on Quality, Cost, Delivery, Development and Environment (QCDD), human rights, labor, safety, compliance, risk, protection of information and other aspects to determine the best and most sustainable supplier.

Establishing a Hotline to Receive Suggestions and Consultation Requests from Suppliers

Honda has established the Business Ethics Kaizen Proposal Line (➡ p. 125) to accept suggestions and requests for consultation from all suppliers from a fair and neutral standpoint.

4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
 - Basic Approach 88
 - Basic Approach to Purchasing 89
- > Global Management of Purchasing 91
 - Purchasing Initiatives 92
 - Basic Approach to Logistics 97
 - Global Management of Logistics 98
 - Logistics Initiatives 99
 - Joint Efforts with Industry Groups and Suppliers ... 102
- Social Contribution Activities 103

Global Management of Purchasing

Promotion Structure

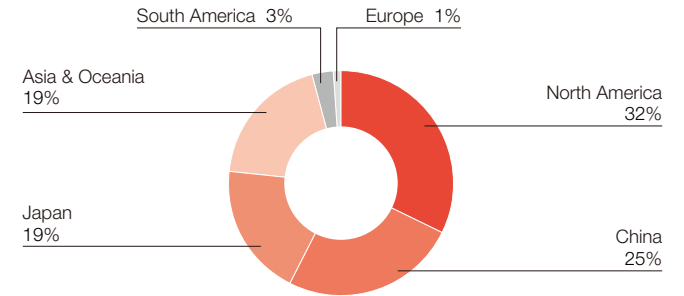
Honda conducts business in six regions worldwide and has respectively established purchasing functions. In line with Honda's corporate philosophy of "building products close to the customer," each region is encouraged to source locally. The rate of local procurement in the United States, Honda's primary production base, reaches 80% for major global models.

A department in Japan supervises the overall, global purchasing function, provides coordination across regions and businesses, and formulates sustainability policies and goals. In 2016, the Company established a department dedicated to reinforcing and accelerating sustainability initiatives.

In addition, to discuss and examine the direction Honda should take globally over the medium to long term, Honda holds periodic meetings with the management teams of respective companies operating in each region and facilitates collaboration with them.

The Environmental Purchasing Meeting was held from 2011 onwards and sought to strengthen initiatives aiming for a low-carbon society across the entire global supply chain. This meeting was composed of working-level staff from each region. It discussed and coordinated policies and methods of reducing CO₂ together with suppliers in each region worldwide. In FY2017, Honda added human rights and compliance initiatives and transformed the meeting into the Sustainability Purchasing Meeting.

Regional distribution of purchasing volume (FY2023)





4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
 - Basic Approach 88
 - Basic Approach to Purchasing 89
 - Global Management of Purchasing 91
- > Purchasing Initiatives 92
 - Basic Approach to Logistics 97
 - Global Management of Logistics 98
 - Logistics Initiatives 99
 - Joint Efforts with Industry Groups and Suppliers ... 102
- Social Contribution Activities 103

Purchasing Initiatives

Reducing the Environmental Impact Together with Suppliers

Honda shares the Honda Supplier Sustainability Guidelines with its suppliers and promotes activities to reduce environmental impact.

When launching new transactions, Honda shares the guidelines and the grand design with all suppliers in each region, and with their consent, jointly works to realize a low-carbon supply chain.

Initiatives to Achieve Carbon Neutrality

Honda strives to realize carbon neutrality (net zero CO₂ emissions) for all products and corporate activities Honda is involved in by 2050.

In Japan, in October 2021, Honda asked its suppliers to consider initiatives to reduce total CO₂ emissions, and in December 2022, shared its perspectives on measures to consider specific measures toward achieving carbon neutrality by 2050. Through close communication with each supplier, Honda aims to work together to realize carbon-neutral status.

Management of CO₂ Data

To increase the effectiveness of its efforts to reduce the environmental impacts in its supply chain, Honda established a system for the integrated management of data on CO₂ emissions reduction by suppliers in FY2012, which commenced full-scale operation in FY2015. Since FY2018, Honda has been taking part in CDP's supply chain program (an international initiative by institutional investors asking companies for their disclosure of information on climate change policies).

Honda is using these tools to share goals and progress status towards total reduction and to implement the PDCA cycle with suppliers worldwide.

As of 2022, approximately 1,700 companies, equating to more than 80% of purchasing value on a global level, are using these tools.

Going forward, the Company will comprehensively analyze data to assist in activities to reduce CO₂ emissions at suppliers, including their efforts to achieve total emissions control targets.

4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
 - Basic Approach 88
 - Basic Approach to Purchasing 89
 - Global Management of Purchasing 91
 - > Purchasing Initiatives 92
 - Basic Approach to Logistics 97
 - Global Management of Logistics 98
 - Logistics Initiatives 99
 - Joint Efforts with Industry Groups and Suppliers ... 102
- Social Contribution Activities 103

Purchasing Initiatives

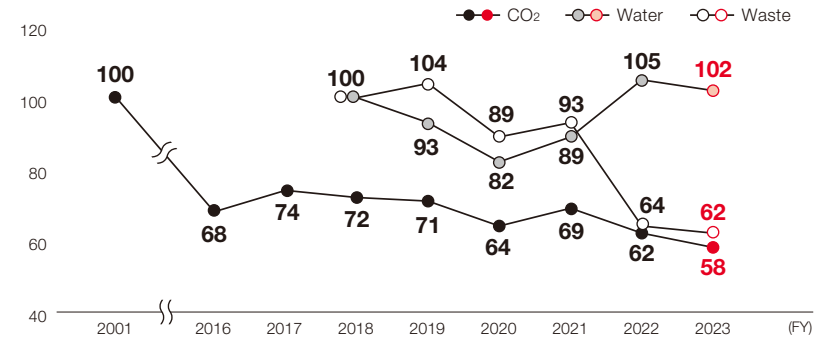
Initiatives to Reduce the Environmental Impact in the Supply Chain

Honda promotes initiatives together with suppliers to reduce the environmental impact, that is, reduce CO₂ emissions and ensure the efficient use of resources in each region.

In Japan, Honda sets specific numerical CO₂, water and waste targets for its Honda Group suppliers and promotes reduction initiatives in partnership with each of them.

With regard to water and waste, having started undertaking measures for target management in FY2019, Honda set specific targets for FY2023 (below FY2020 results per unit of production) to collect accurate data. As part of this initiative, Honda has provided tools to these suppliers to analyze their respective progress and past performance and has been checking their activities to reduce the environmental impact as well as evaluate their stance in this area. By communicating and sharing information with Honda Group suppliers via the Internet, Honda actively collaborates with them to promote efforts to achieve the targets.

Performance in reducing the environmental impact
Index of CO₂ emissions/water use/waste generation per millions of yen



* Scope of data: all consolidated tier 1 suppliers in Japan

| Category | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|--------|--------|--------|--------|--------|--------------|
| CO ₂ (t/millions of yen) | 1.08 | 1.07 | 0.95 | 1.03 | 0.93 | 0.86 |
| Water (m ³ /millions of yen) | 9.99 | 9.29 | 8.19 | 8.91 | 10.51 | 10.16 |
| Waste (t/millions of yen) | 0.59 | 0.62 | 0.53 | 0.55 | 0.38 | 0.37 |



4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
 - Basic Approach 88
 - Basic Approach to Purchasing 89
 - Global Management of Purchasing 91
- > Purchasing Initiatives 92
 - Basic Approach to Logistics 97
 - Global Management of Logistics 98
 - Logistics Initiatives 99
 - Joint Efforts with Industry Groups and Suppliers ... 102
- Social Contribution Activities 103

Purchasing Initiatives

Chemical Substance Management

The Company has issued the Honda Chemical Substance Management Standard, which aims to ensure that all the components that make up Honda products comply with laws and regulations as well as to reduce their impact on the global environment and ecosystem. Honda asks suppliers around the world to establish a structure for managing chemical substances that meets the standard and to guarantee that the components they supply satisfy the standard. The Company also uses an industry-standard management system for specific data on chemicals contained in components, which are evaluated prior to commencing mass production.

Measures to Counter Procurement Risk

Honda views all phenomena that can impact production as risks, including disasters, fires, financial issues and labor issues within suppliers. Accordingly, the Company works to reduce these risks and prevent the spread of any impact if they materialize throughout the supply chain, beginning with the procurement of components and materials. For example, Honda defines all components and materials whose procurement is dependent on a single facility as Mission-Critical Parts, and inspections and countermeasures are implemented continually around the world.

Honda began operating a procurement risk management system with suppliers in Japan in December 2014. Through the operation of this system, the Company established structures to assess damage and identify the impact on production at suppliers in a short period of time after the occurrence of a major disaster.

Honda also performs once-yearly evaluations based on supplier surveys in order to minimize financial risk. In addition, the Company checks risk every month by referring to information from third-party organizations.

Requiring Legal Compliance from Suppliers

Honda seeks to strengthen sustainability, including compliance, throughout the supply chain. In conducting business, the Company concludes basic agreements on component procurement that specify areas of attention such as safety, disaster prevention, environmental preservation and the protection of resources. The agreements also contain terms regarding compliance with each country's laws and regulations, including competition laws and laws and regulations related to the prevention of bribery.

Responsible Mineral Sourcing

Honda recognizes the potential link between the increased demand for rare minerals, including cobalt, due to electrification and human rights issues such as child labor, and is engaged in activities aiming to avoid the use of minerals that may contribute to human rights violations and environmental pollution. In Japan, the Company uses templates provided by the Responsible Minerals Initiative (RMI) and works to identify cobalt refiners with the cooperation of its suppliers. Going forward, Honda will also consider global initiatives.



4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
 - Basic Approach 88
 - Basic Approach to Purchasing 89
 - Global Management of Purchasing 91
- > Purchasing Initiatives 92
 - Basic Approach to Logistics 97
 - Global Management of Logistics 98
 - Logistics Initiatives 99
 - Joint Efforts with Industry Groups and Suppliers ... 102
- Social Contribution Activities 103

Purchasing Initiatives

Sustainability Initiatives Inspection for Suppliers

Honda has distributed a checklist to suppliers requesting independent inspection in order to confirm the status of initiatives relative to the guidelines.

Honda introduced a sustainability initiatives inspection in Japan in 2016 for suppliers with large business volumes and significant influence on the Company, in line with rising expectations worldwide to fulfill corporate social responsibility that also includes the supply chain. The inspection is now carried out globally. Following the flow diagram indicated on the right, in Japan, Honda performs this inspection periodically on suppliers who account for more than 80% of purchasing value. Based on the inspection results, the Company identifies high-risk suppliers that are prone to problems and may have a significant impact on Honda if a problem does occur. In a written survey, Honda carries out the following three activities accordingly.

- Distribute a check sheet based on international standards
- Confirm the compliance status of the guidelines
- Promote improvement

The check sheet encompasses all aspects of human rights and labor matters, including eliminating race, ethnicity, nationality, religion, gender and other discrimination, as well as banning child labor, forced labor and human trafficking and guaranteeing minimum wages. The check sheet verifies supplier activities in a broad range of fields as it also covers such evaluation categories as the environment, compliance and information disclosure.

Next, Honda conducts and verifies the following items in an interview survey with high-risk suppliers.

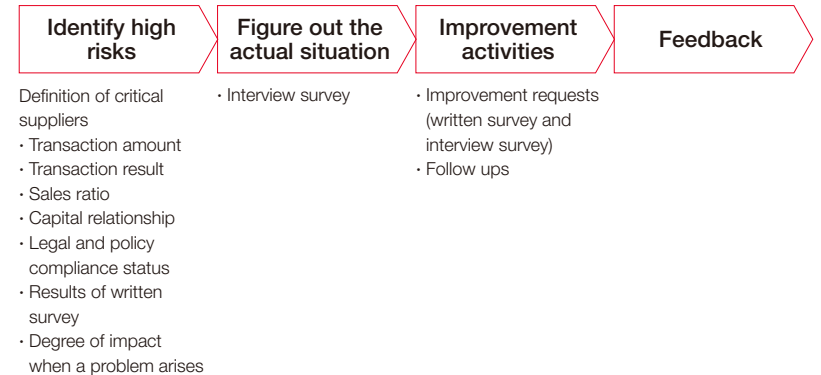
- Check relevant records, actual production processes and related facilities
- Verify the progress through a report on the improvement plan and result
- Conduct a follow-up investigation (including an on-site check as necessary)

Recent examples of improvement include the management of working hours and the formulation of an internal rule to prohibit suppliers from retaining the ID documents of non-Japanese workers.

Going forward, Honda will work with overseas purchasing sites to promote the sustainability initiatives inspection globally while enhancing education for the associates responsible for the investigation to cultivate the required skills.

There were no instances of issues bearing significant risk in FY2023.

Flow of sustainability initiatives inspection





4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
 - Basic Approach 88
 - Basic Approach to Purchasing 89
 - Global Management of Purchasing 91
- > Purchasing Initiatives 92
 - Basic Approach to Logistics 97
 - Global Management of Logistics 98
 - Logistics Initiatives 99
 - Joint Efforts with Industry Groups and Suppliers ... 102
- Social Contribution Activities 103

Purchasing Initiatives

Instruction and Training for Associates

To ensure that every associate involved in Honda's purchasing operations promotes honest and fair initiatives, Honda has prepared manuals and personnel development programs in each region.

For example, in North America, Honda provides extensive training through seminars, e-learning and on-the-job training (OJT). In its Basic Training Course, the Company shares its approach in such areas as the selection of suppliers and initiatives to strengthen QCDDE. Honda's Building Business Relations training emphasizes the importance of the Company's code of conduct, legal compliance and confidentiality in developing positive long-term relationships with suppliers.

In this way, Honda has developed programs worldwide that incorporate the cultural and social background of each region in addition to basic knowledge about purchasing operations to provide instruction for all purchasing associates.

4 Social

Safety 33

Quality 47

Human Resources 63

Supply Chain 87

 Basic Approach 88

 Basic Approach to Purchasing 89

 Global Management of Purchasing 91

 Purchasing Initiatives 92

> Basic Approach to Logistics 97

 Global Management of Logistics 98

 Logistics Initiatives 99

 Joint Efforts with Industry Groups and Suppliers ... 102

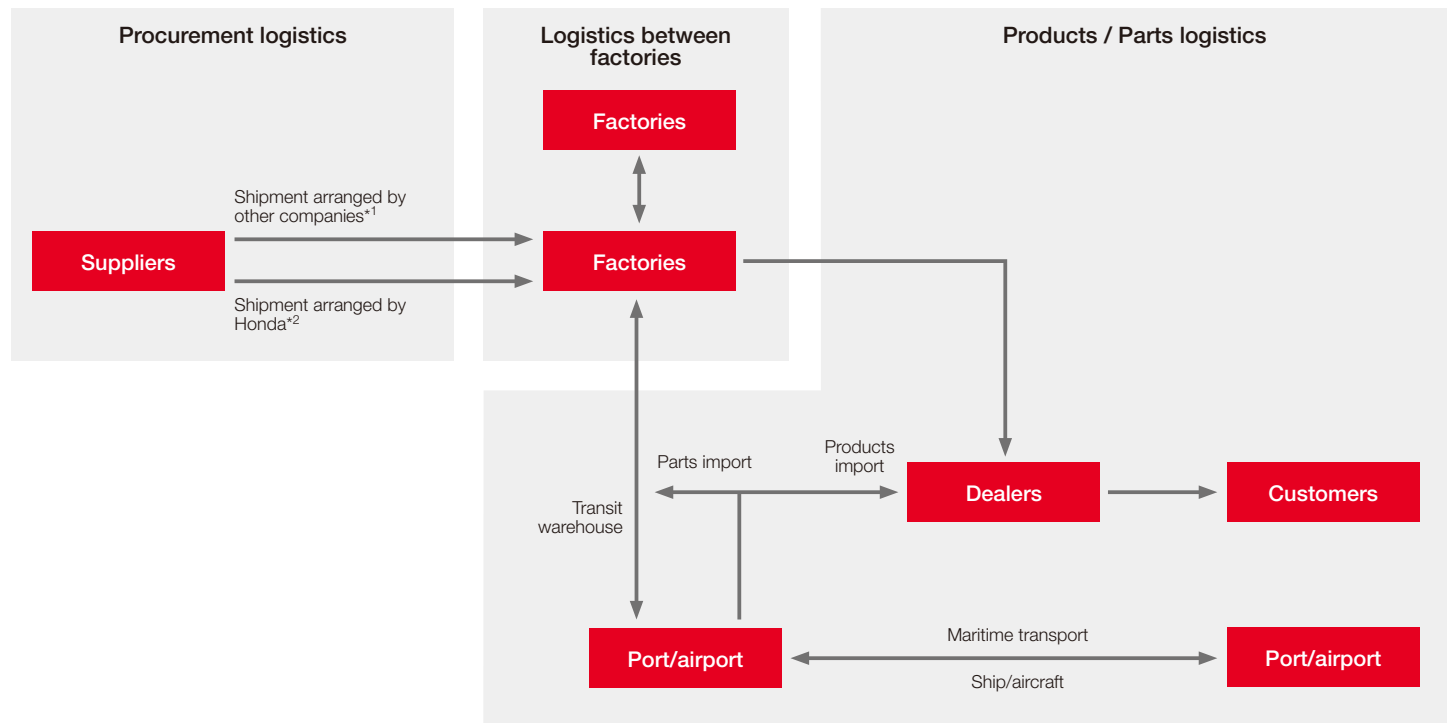
Social Contribution Activities 103

Basic Approach to Logistics

At Honda, many parts that are used in its products are transported from suppliers to its factories. Likewise, the completed models, as well as parts for services and repairs, are sent directly from the factories to dealers. Honda, which transports large volumes of goods from upstream to downstream in the manufacturing process,

considers the reduction of environmental burden and compliance risk management as important issues, as well as improving efficiency in logistics. For instance, as an initiative to reduce the environmental burden, Honda is promoting more efficient container transport.

Overview of Honda logistics



*1 A transportation operator retained by the supplier delivers sourced parts to the entrance of Honda's plants.

*2 A transportation operator retained by Honda makes the rounds of parts suppliers and picks up the sourced parts.

4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
 - Basic Approach 88
 - Basic Approach to Purchasing 89
 - Global Management of Purchasing 91
 - Purchasing Initiatives 92
 - Basic Approach to Logistics 97
 - > Global Management of Logistics 98
 - Logistics Initiatives 99
 - Joint Efforts with Industry Groups and Suppliers ... 102
- Social Contribution Activities 103

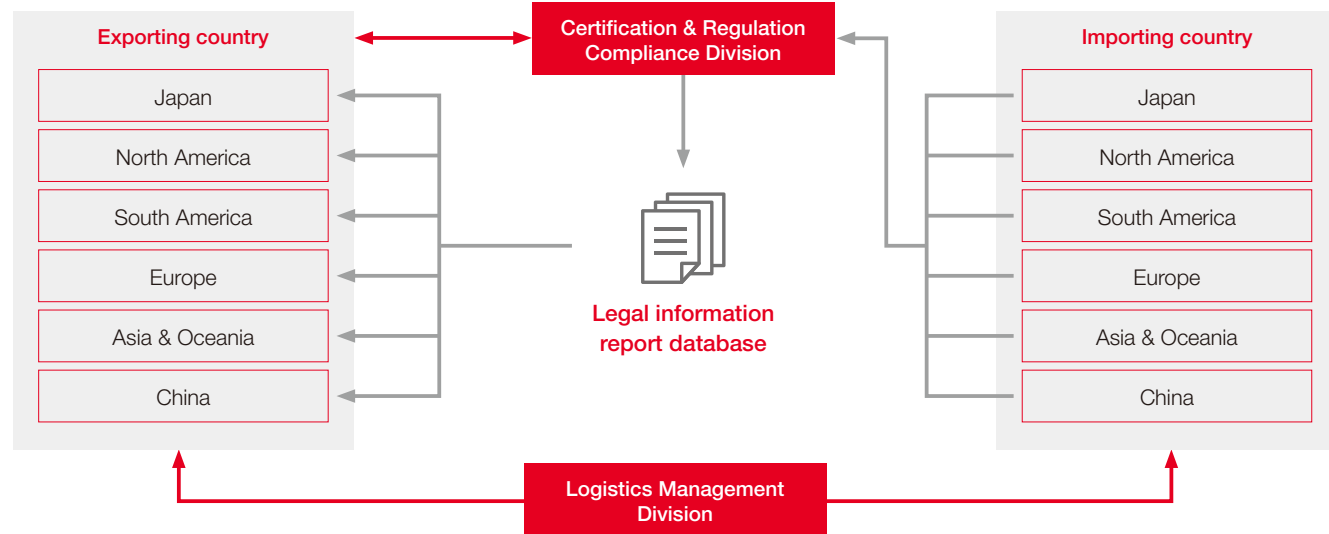
Global Management of Logistics

Integrated Management of Legal Information Concerning Logistics

In order to supply products and parts across countries and regions, it is necessary to identify and analyze a variety of factors, including the different transportation infrastructures, laws and natural disaster risks in each country. Laws and regulations, in particular, have the potential to significantly impact safety and speed in transportation.

Honda aims to constantly obtain accurate information and ensure an efficient, accurate and early response on a global basis. To do so, the Company has established a function for the integrated management of international treaties and legal information concerning logistics operations. In addition to this, Honda is working to strengthen compliance with laws and regulations by ensuring a swift response.

Integrated management framework for legal information



4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
 - Basic Approach 88
 - Basic Approach to Purchasing 89
 - Global Management of Purchasing 91
 - Purchasing Initiatives 92
 - Basic Approach to Logistics 97
 - Global Management of Logistics 98
- > Logistics Initiatives 99
 - Joint Efforts with Industry Groups and Suppliers ... 102
- Social Contribution Activities 103

Logistics Initiatives

In the area of logistics, Honda is taking the following three major initiatives to achieve carbon neutrality by 2050:

- 1) Highly efficient transportation (smart logistics)
- 2) Low carbon transportation (clean logistics)
- 3) Technological advancement of packaging materials

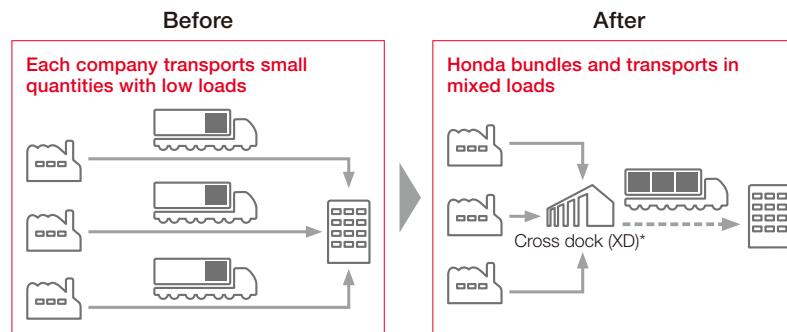
1) Highly efficient transportation (smart logistics)

Honda is promoting highly efficient transportation to improve QCD related to logistics.

Improving Transportation Efficiency via Co-Creation with Suppliers

To minimize the logistics losses incurred by our suppliers, we ask them to deliver products to the nearest cross-dock (XD) of their shipping bases. From the XD, Honda then combines the products within a multi-company consolidation to transport them efficiently.

The effects of these measures have contributed to a reduction in the loads handled by distant suppliers and also a reduction in CO2 emissions.

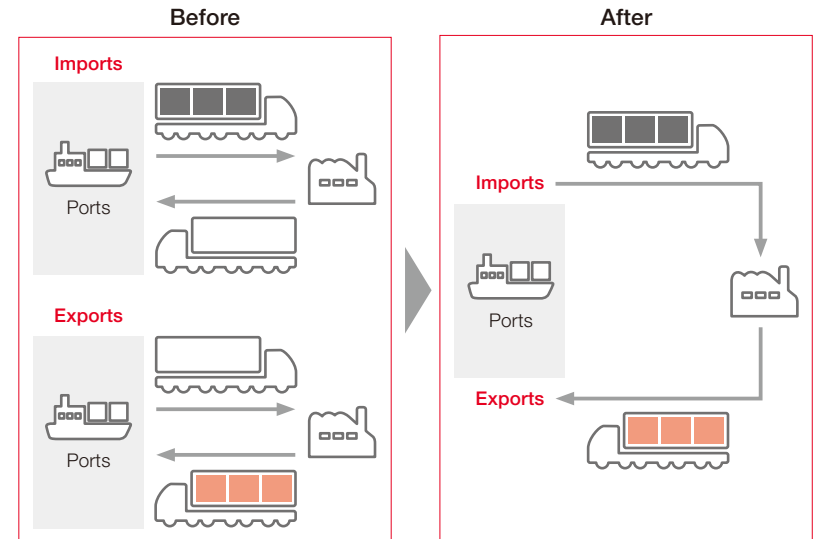


* Cross dock (XD): Warehouse with functions centered on the transshipment of parts

Container Round Use

Since containers are rented from shipping companies, it is a common business practice to return them promptly after cargo transportation.

However, since Honda has both export and import cargo, it negotiated with the respective shipping companies to reduce the transportation of empty containers upon return. As a result, the Company was able to reduce costs by 40% to 60%, as well as CO2 emissions in Japan.



4 Social

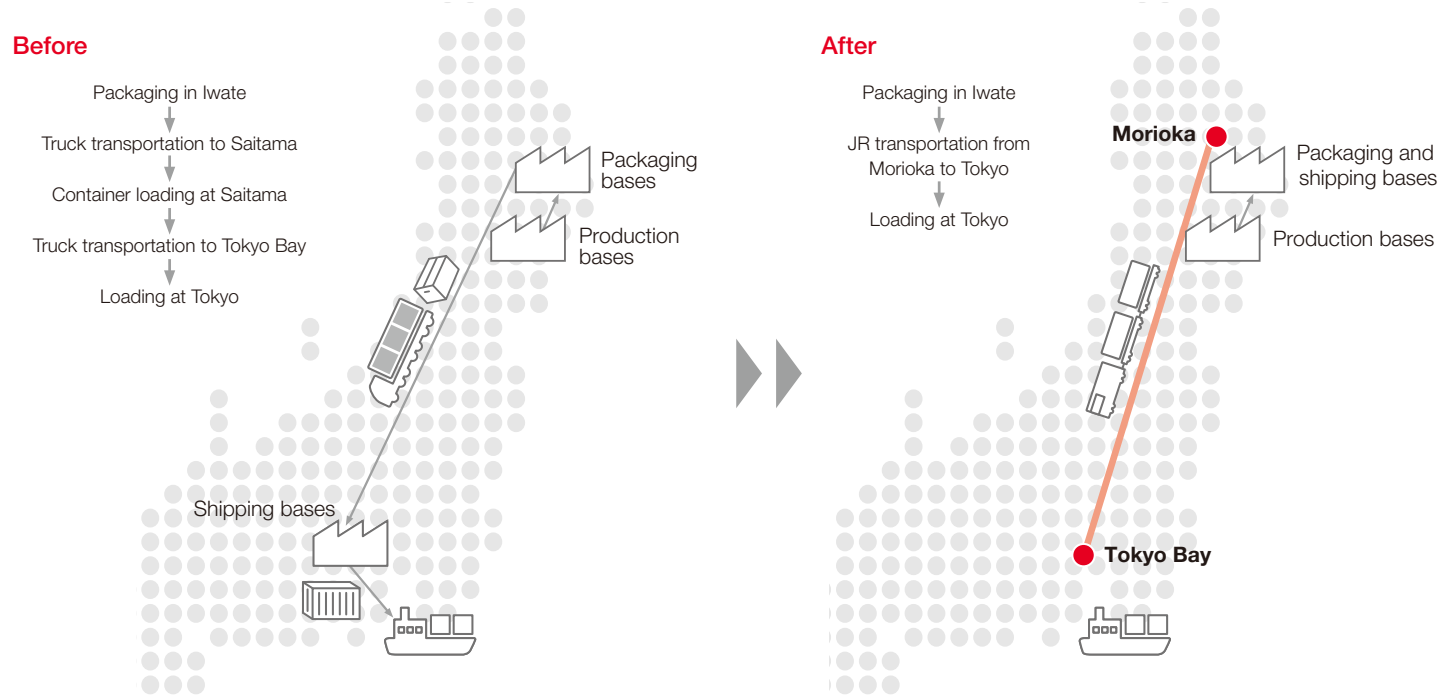
- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
 - Basic Approach 88
 - Basic Approach to Purchasing 89
 - Global Management of Purchasing 91
 - Purchasing Initiatives 92
 - Basic Approach to Logistics 97
 - Global Management of Logistics 98
 - > Logistics Initiatives 99
 - Joint Efforts with Industry Groups and Suppliers ... 102
- Social Contribution Activities 103

Logistics Initiatives

2) Low-carbon transportation (clean logistics)

By focusing on long-haul transport, Honda is working to expand the modal shift so that rail and ships can be favored over trucks as modes of transportation. In India and Vietnam, for carrying products to distant regions, we are switching from trucks to ship and rail transport. Similarly, in China, we are switching from trucks to railway transportation.

In Japan, we are also working to switch to railway transportation. In June 2022, we initiated the railway transportation of general-purpose products from Morioka to Tokyo. As a result, our CO2 emissions were reduced by 26.84 t-CO2 from June 2022 to March 2023.



4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
 - Basic Approach 88
 - Basic Approach to Purchasing 89
 - Global Management of Purchasing 91
 - Purchasing Initiatives 92
 - Basic Approach to Logistics 97
 - Global Management of Logistics 98
- > Logistics Initiatives 99
 - Joint Efforts with Industry Groups and Suppliers ... 102

- Social Contribution Activities 103

Logistics Initiatives

3) Technological advancement of packaging materials

Honda exports (supplies) parts between factories across different countries and regions, before conducting the assembly of vehicles and equipment in the importing countries.

Such parts exports involve the usage of packaging materials, which are classified as outer case and inner container.

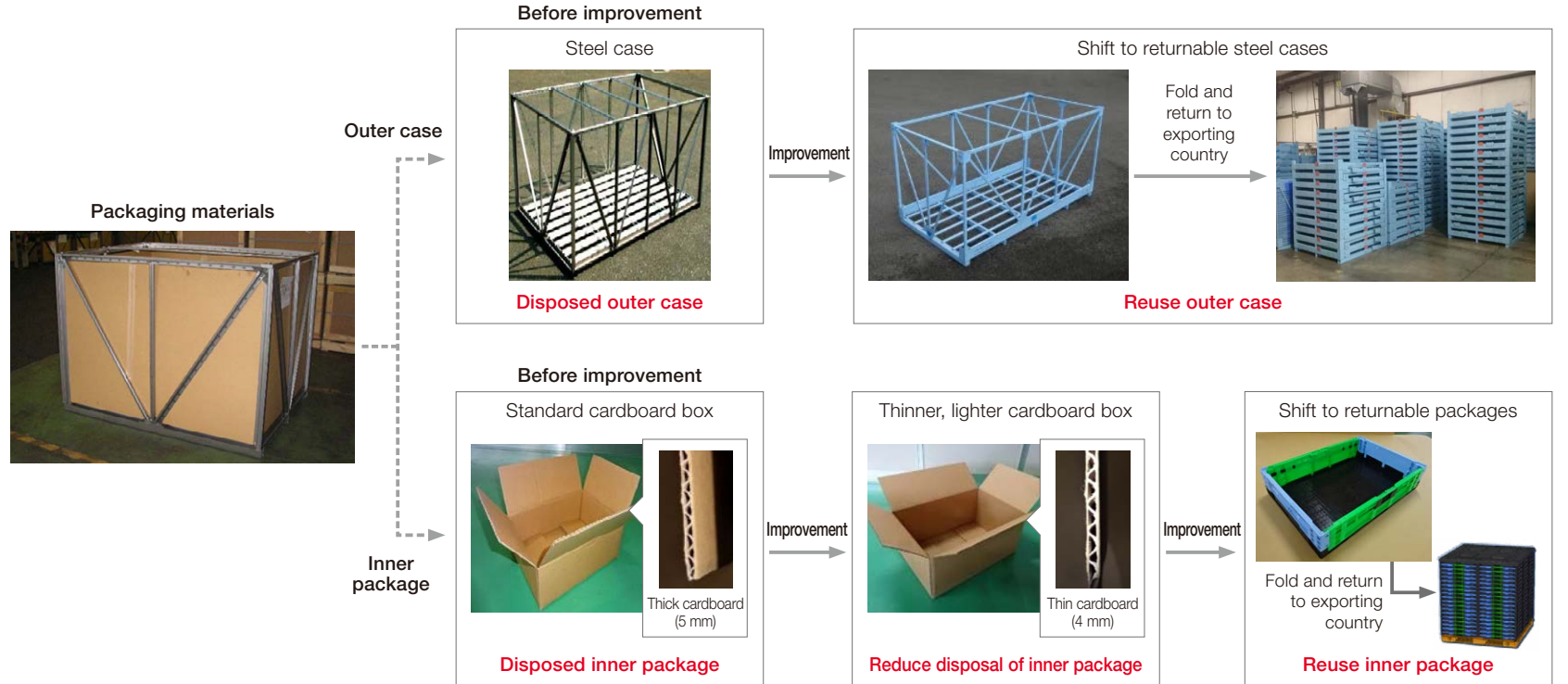
In the past, these packaging materials were disposed of in the importing country. Instead, we are now working to reduce waste and CO₂ emissions by reusing containers and reducing the weight of packaging materials.

We are also cooperating with other companies in the same industry to consider how the joint use of recycled materials can work.

Classification and improvement of packaging materials

| Packaging materials | Use | Advancement of packaging techniques |
|---------------------|---|--|
| Outer case | Case to be loaded onto containers | Returnable steel cases |
| Inner package | Package of parts to be placed in the outer case | Use of thin, light cardboard boxes; shift to returnable packages |

Improvement of packaging



4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
 - Basic Approach 88
 - Basic Approach to Purchasing 89
 - Global Management of Purchasing 91
 - Purchasing Initiatives 92
 - Basic Approach to Logistics 97
 - Global Management of Logistics 98
 - Logistics Initiatives 99
- > Joint Efforts with Industry Groups and Suppliers ... 102
- Social Contribution Activities 103

Joint Efforts with Industry Groups and Suppliers

Honda is striving to strengthen sustainability across the entire supply chain of parts and logistics through initiatives such as capacity building in collaboration with the automotive industry and its suppliers.

Collaboration with Industry Groups and Suppliers

Honda North America Inc., Honda's U.S. subsidiary, participates in working groups established by the Automotive Industry Action Group (AIAG) to strengthen sustainability in the supply chain. They participate in the Responsible Materials working group, the Human Rights and Trade working group, the GHG working group and the Chemical Management working group. AIAG has offered supplier training and encourages participation in training sessions on corporate ethics, environmental regulations, the working environment, human rights and other topics for tier 1 and sub-tier suppliers in North America since 2012.

In addition, Honda participates in AIAG's Corporate Responsibility Steering Committee and Drive Sustainability* to proactively identify issues, needs and trends in and outside the automobile industry.

In North America, e-learning programs using computer-based training (CBT) are also provided for suppliers in order to facilitate their understanding of sustainability. Under the theme of sustainability, these programs deal with the environment, export control, social responsibility, safety and health, diversity, governance, compliance and ethics.

* Newly launched partnership to promote sustainability in the automobile industry

Dialogue with Suppliers

In December 2022, Honda convened a Sustainability Information Sharing Meeting, where it shared current social trends and provided feedback on the results of inspections at suppliers in accordance with the Honda Supplier Sustainability Guidelines.

Honda also regularly holds conferences around the world to share with suppliers the direction of its business and the substance of its initiatives. In FY2023, meetings were held in 23 locations around the world. At these regional conferences, Honda presented Supplier Awards to recognize those suppliers who have achieved outstanding results in each aspect of QCDDDE.

In Japan, Honda has held an annual conference since 1974. Senior management from about 470 suppliers attended the conference in February 2023, which was held in a hybrid format of on-line and in-person meetings. At the conference, Honda explained both company-wide policies and policies of the motorcycle, automobile and power products businesses. Furthermore, in FY2018, the Company began presenting the Sustainability Award to suppliers who have made outstanding efforts in all areas of ESG. With this award, Honda has broadened its perspective from the old Environmental Award, which focused primarily on greenhouse gas (GHG), to include social and governance aspects.

In North America, Honda presents the Sustainability Award to suppliers who have made the greatest contributions in social areas such as compliance, safety and health, community contribution activities, the environment, diversity and human rights.



Presentation of Sustainability Department Award to Niterra Co., Ltd. in Japan

Social

Social Contribution Activities

4 Social

Safety 33

Quality 47

Human Resources 63

Supply Chain 87

Social Contribution Activities 103

> **Basic Approach 104**

 Global Management 105

 Initiatives for Social Contribution Activities 106

Basic Approach

Honda's Social Contribution Activities

Since its founding, Honda has provided society and customers with a variety of joys by creating quality products and technologies. In the 1960s, while the Company was still in a period of early growth, Honda began to launch philanthropic initiatives designed to strengthen ties with local communities, based on its idea that a company must be rooted in and integrated with the local community.

Currently, Honda undertakes various social contribution activities in the seven regions in which the Company conducts operations worldwide, aiming to share joy with people all around the world and to be a company society wants to exist. Honda also strives to support initiatives that reflect local circumstances in its corporate activities. Honda will continue to pursue various social contribution activities while communicating with customers and local residents.

Basic Approach

In 1998, Honda devised the Philosophical Basis and Principles of the Honda Philanthropy for its social contribution activities. Thereafter, in 2006, the Company formulated its Global Policy for Social Contribution Activities to make a unified effort with the aim of creating future societies in which everyone can pursue their dreams.

Since revising the policy in 2018 in response to a changing environment, Honda has been engaging in activities to realize its 2030 Vision to “serve people worldwide with the joy of expanding their life’s potential.”

Based on its fundamental principles of “Respect for the Individual” and “the Three Joys,” Honda seeks to improve the quality of people’s daily lives around the world. In order to share this joy, the Company hopes that its associates will strive to accelerate their initiatives worldwide.

Global Policy for Social Contribution Activities

Corporate Philosophy

Honda will proactively exercise its initiatives for social contribution, founded on the fundamental principles of “Respect for the Individual” and “the Three Joys,” to support Honda’s universal passion: to improve the quality of people’s daily lives.

Objective

Honda will aspire to become “a company that society wants to exist,” and will contribute to the realization of a sustainable society, by serving people worldwide with the joy of expanding their life’s potential through its social contribution activities.

Activity Policy

- Honda will earn social acceptance by creating empathy and trust through active community engagement and by being a good corporate citizen.
- Honda will use its resources and workforce to contribute to society from a global point of view, while maintaining the importance of each region.
- Honda will promote and facilitate maximum associate participation in, and passion for, social contribution activities.

Field of Activities

- Supporting our youth for the future
- Protecting the global environment
- Promoting traffic safety
- Addressing local community needs



4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103**
 - Basic Approach 104
 - > Global Management 105
 - Initiatives for Social Contribution Activities 106

Global Management

Honda's Global System for Social Contribution Activities

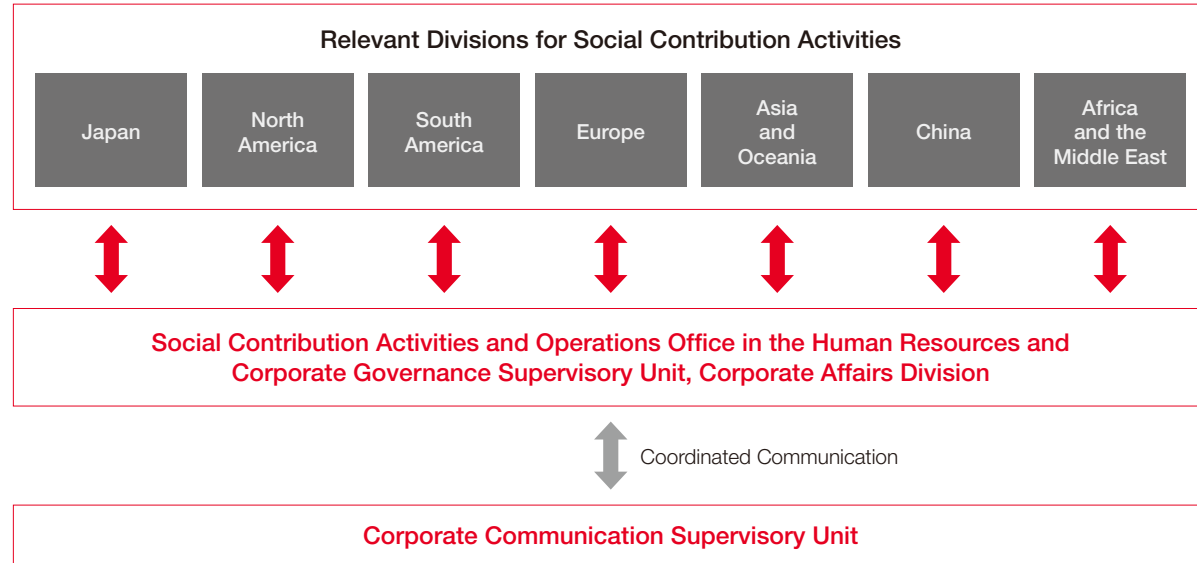
Honda's social contribution activities are centered on four core policies: supporting our youth for the future; protecting the global environment; promoting traffic safety; and addressing local community needs. Based on these policies, the entire Honda Group engages in activities that recognize the value of its bonds with local communities.

Honda pursues a variety of activities in seven regions, taking maximum advantage of its resources in line with its Global Policy for Social Contribution Activities.

To strengthen Honda's global networks, the Social Contribution Activities and Operations Office in the Human Resources and Corporate Governance Supervisory Unit, Corporate Affairs Division, gathers activity data from across the seven regions, shares activity policies, and works together with the Corporate Communication Supervisory Unit for the coordinated communication of information.

Going forward, the Honda Group intends to fulfill its responsibilities as a good corporate citizen; to this end, the Group will continue its efforts to create future societies in which everyone can pursue their dreams and promote a wide range of activities hand-in-hand with local residents under globally coordinated initiatives.

Honda's Global System for Social Contribution Activities



4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103**
 - Basic Approach 104
 - Global Management 105
- > Initiatives for Social Contribution Activities 106

Initiatives for Social Contribution Activities

Summary of the Activities in FY2023

In FY2023, Honda's social contribution activities are tailored to local circumstances in accordance with its Global Policy for Social Contribution Activities, with the aim of creating future societies in which everyone can pursue their dreams.

Toward the dual realization of "a circular/resource-recycling society with zero environmental impact" and "a collision-free mobile society," Honda has been working globally to nurture mindsets that respect the environment as well as prevent accidents through safety awareness activities focused on people.

This report provides representative examples of Honda's activities undertaken in each region, including those mentioned above.

Japan [Protecting the Global Environment]

Honda Beach Cleanup Project Implemented by the Honda Group Across Japan

In 2006, Honda launched the Honda Beach Cleanup Project, which was based on the desire to ensure that the next generation will be able to experience the joy of walking barefoot on sandy beaches.

The project utilizes the Beach Cleaner, which Honda originally developed based on a desire to use its technologies to find a solution to clean the trash that ends up washed ashore. In 2022, we marked the 16th year of this project.

In 2022, although still affected by the COVID-19 pandemic, the project was conducted in 17 locations (17 prefectures) throughout the country.

Originally initiated by Honda associates and ex-associates, the project has now expanded its circle of cooperation to include the Honda Group as a whole and local residents across the country, with more than 7,000 participants per year.

To date, the project has been conducted 406 times on beaches throughout Japan, and the total amount of trash collected has reached approximately 520 tons.



Honda Beach Cleaner that can dig up and collect trash in the sand.

4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103**
 - Basic Approach 104
 - Global Management 105
- > **Initiatives for Social Contribution Activities 106**

Initiatives for Social Contribution Activities

North America [Supporting Our Youth for the Future]

Educational Support for Students of Color

For over 30 years, American Honda Motor Co., Inc. (AHM) has supported the success and dreams of Historically Black Colleges and Universities (HBCUs) students through initiatives including the Honda Campus All-Star Challenge and Honda Battle of the Bands. These programs provide unforgettable experiences and opportunities for HBCU students, including meeting and networking with peers from other HBCU schools.

AHM has impacted the lives of more than 200,000 students and in FY2023, awarded more than USD 450,000 (over USD 14 million to date) in grants in support of HBCU education programs and facilities improvements.

AHM also has partnered with the Thurgood Marshall College Fund to provide annual scholarship fund to support HBCU students pursuing an education in engineering, supply chain management and manufacturing-related fields.



HBCU students



South America [Promoting Traffic Safety]

Initiatives for Traffic Safety Workshops in Chile and Peru

Honda Motor de Chile S.A. has offered free motorcycle safety driving workshops in the city of Santiago, featuring motorcycles and safety equipment backed up by professional instructors to promote traffic safety among residents.

In FY2023, seven volunteers from Honda provided guidance to 1,384 people.

The activities involved were live-streamed via social networking sites and received 5,791 'Likes.'

Honda also conducted a motorcycle drive safety seminar at Honda del Peru S.A. At the seminar, 25 Honda volunteers provided with both practical and theoretical training, instructing a total of 418 local residents and customers.



A drive safety seminar in Chile



A drive safety seminar in Peru

4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103**
 - Basic Approach 104
 - Global Management 105
- > **Initiatives for Social Contribution Activities 106**

Initiatives for Social Contribution Activities

Europe [Addressing Local Community Needs and Disaster Relief]

Support for Earthquake Relief in Turkey and Syria

More than 200 generators have been donated by Honda Motor Europe Ltd. – our regional headquarters in Europe – to aid the areas affected by the earthquake that hit the Turkish and Syrian borders on February 6, 2023. Meanwhile, Honda Turkey A.S. donated approximately JPY 20 million in emergency relief supplies and humanitarian aid.

Additionally, Honda Motor Co., Ltd. donated JPY 10 million in relief funds via the Japanese Red Cross Society. Also, the American Honda Motor Co., Inc. and Honda Development and Manufacturing of America, LLC conducted an associate donation program and made a matching donation from the Company.



Providing assistance on site

Asia and Oceania [Supporting Our Youth for the Future]

Establishment of a Girl's Senior Secondary School in India

In India, over 60% of the population lives in rural areas, so cultivating the next generation is critical for the development of villages. A government survey found that half of the students in the classroom were unable to read and write, which presents a challenge to the educational environment.

Honda Cars India Ltd. has established a school for female students in Tapukara, Rajasthan, where the company's vehicle assembly plant is located. The aim is to aid the development of female students who have had limited educational opportunities compared to their male counterparts.

We started the project by finding the land. The new building was completed in March 2020, fitted with spacious classrooms, a clean and well-equipped cafeteria, and restrooms. In terms of education, the program focuses on a wide range of areas, including classes that incorporate STEM education, together with moral and leadership training.

In total, approximately INR 83 million has been provided so far, with 1,253 students enrolled in the program in FY2023.



Girl's Senior Secondary School in Tapukara



The award from the Education Minister

4 Social

- Safety 33
- Quality 47
- Human Resources 63
- Supply Chain 87
- Social Contribution Activities 103**
 - Basic Approach 104
 - Global Management 105
- > Initiatives for Social Contribution Activities 106

Initiatives for Social Contribution Activities

China [Protecting the Global Environment]

Long-Term Afforestation Activities in the Severe Desertification of the Inner Mongolia Autonomous Region

For 15 years, since 2008, the Honda Group in China has been conducting tree-planting activities in the Inner Mongolia Autonomous Region. To date, more than 2,000 Honda associates have participated in the project, planting 1.96 million trees over 14.33 million m² of land.

Over the years, we have studied climatic and soil characteristics to accumulate knowledge of afforestation in arid regions, which has allowed us to meet afforestation survival rates well above the national standard.

This project has been carried out for the past 3 terms of 15 years, with the fourth term set to begin in 2023. In the fourth term, the goal is to plant approximately 3.33 million square meters of forest area over a five-year period. The aim is to expand forest areas, manage water and soil loss, improve local environments, and contribute to sustainable development in rural areas and even in North China.



Land now covered with greenery as a result of the afforestation activities

Africa and the Middle East [Addressing Local Community Needs]

Food Program in the United Arab Emirates Special Economic Zone

There are about 9,000 companies operating in the Jebel Ali Free Zone (a special economic zone in the United Arab Emirates), where more than 30,000 people stay in workers' accommodations. As a member of this community, Honda Gulf FZE wishes to express its gratitude to those who work so hard to support local industries and businesses. To this aim, in July 2022, Honda Gulf FZE collected internal donations and its volunteer associates distributed 113 lunches to workers' accommodations in the neighborhood.

We plan to continue such activities in the future as we strive to be a company society wants to exist.



Distribution of food by associates

5

Governance

Material issues

- Strengthening corporate governance

5 Governance

Corporate Governance

..... 111

Compliance 124

Risk Management 127

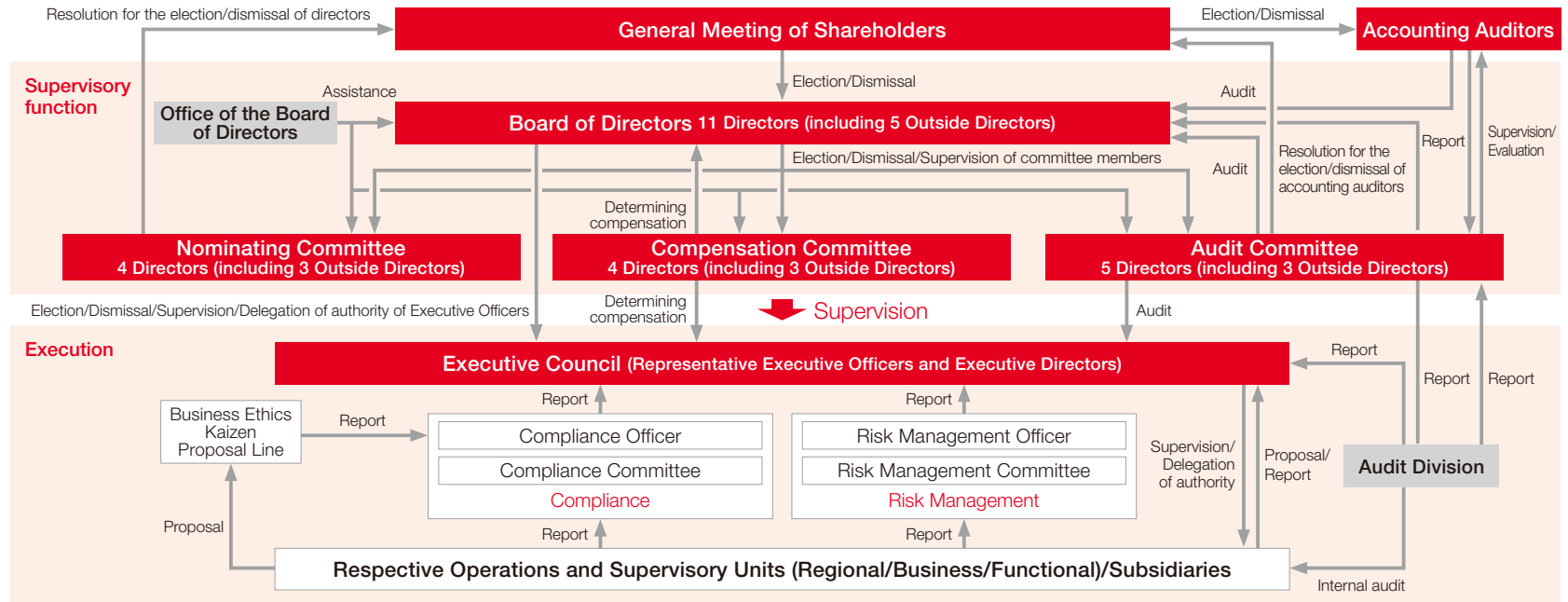
Basic Approach

As a key task for management, Honda strives to enhance its corporate governance based on the Company's basic principle to strengthen the trust of its shareholders/ investors, customers, and society; encourage timely, decisive, and risk-considered decision-making; seek sustainable growth and enhance corporate value over the medium- to long-term; and become "a company society wants to exist."

To clearly segregate the supervisory and execution functions of management, strengthen the supervisory function, and enable prompt and flexible decisions, Honda has created a Nominating Committee, Audit Committee, and Compensation Committee, each of which is composed of over 50% Outside Directors. Honda has also adopted a "company with three committees" structure, which allows the broad delegation of the business execution authority from the Board of Directors to the Executive Officers.

Honda is making efforts to appropriately disclose corporate information including the release and disclosure of quarterly financial results and management policies in a timely and accurate manner to bolster the trust and appreciation of shareholders/investors and society. Going forward, Honda will continue to strive to ensure the transparency of its management.

Corporate governance structure (as of June 21, 2023)





5 Governance

Corporate Governance 111

Compliance 124

Risk Management 127

Corporate Governance

Decision-Making and Supervision of Business Execution

Honda has adopted a “company with three committees” system to delegate the decision-making authority of the Board of Directors to execute important business matters to the Executive Officers in accordance with the provisions of the Company’s Articles of Incorporation and resolutions approved by the Board. This system enables quick decision-making and prompt business execution while clearly separating the functions of management supervision and business execution so that the Board is focused on overseeing business execution.

The Board of Directors has established criteria for deliberation and has delegated some of its authority to the Executive Council, which, in turn, delegates some of its authority to the Business Operating Board.

The Executive Council conducts preliminary deliberations on matters to be resolved by the Board of Directors and deliberates on important management matters within the scope of authority delegated by the Board of Directors. The Business Operating Board deliberates important management matters in each area within the scope of authority delegated by the Executive Council.

Board of Directors

The Board of Directors is comprised of six Inside Directors and five Outside Directors.

To respond to the mandate of the shareholders to achieve sustainable growth and enhance the corporate value of the Company over the medium to long term, the duties of the Board of Directors include making decisions concerning key Company matters such as its basic management policies and the monitoring of operations by Directors and Executive Officers. Additionally, the Board of Directors discusses and makes decisions concerning matters specified in the regulations of the Board of Directors, as well as matters set forth in the Articles of Incorporation and applicable laws. All other matters are delegated to the Representative Executive Officers or the Executive Officers.

Specific discussion topics at the Board of Directors in FY2023

- Medium-term management plan and its progress
- Quarterly consolidated financial statements and business outlook
- Quarterly operational execution status
- Duty execution statuses of committees
- Maintenance and operation of the internal control system
- Internal audit results, etc.

To fulfill the above roles, the candidates for Director, regardless of gender, nationality, or other personal attributes, shall be persons of superior character and insight who are experts in company management, laws, politics, accounting, education, or the Company’s business. The Nominating Committee shall consider the balance of gender, nationality, knowledge, and related experience among the candidates.

Nominating Committee, Audit Committee, and Compensation Committee

To reinforce its supervisory function, the Company has established the Nominating Committee, Audit Committee, and Compensation Committee, all of which are comprised of a majority of Outside Directors.

1. Nominating Committee

The Nominating Committee determines the content of the proposals for the appointment or removal of Directors to be submitted to the shareholders’ meeting and performs other duties prescribed by laws and regulations and the Articles of Incorporation. The Nominating Committee is composed of four Directors, including three Outside Directors. The Chairperson of the Nominating Committee is selected from among Independent Directors.



5 Governance

Corporate Governance 111

Compliance 124

Risk Management 127

Corporate Governance

Nominating Committee Members (as of June 21, 2023)

Fumiya Kokubu (Chairperson) (Outside Director)

Toshihiro Mibe

Kunihiko Sakai (Outside Director)

Kazuhiro Higashi (Outside Director)

Specific discussion topics at the Nominating Committee in FY2023

- Basic policy/annual activity plan
- The way of being a leader
- Succession plan for Directors
- Prospective Director candidates, etc.

2. Audit Committee

To respond to the mandate of the shareholders, the Audit Committee conducts audits of the execution of duties by the Directors and Executive Officers and performs other duties as prescribed by laws and regulations and the Articles of Incorporation to ensure the sound and sustainable growth of the Honda Group. The Audit Committee is composed of two Inside Directors and three Outside Directors. The Chairperson of the Audit Committee is selected from among Independent Directors. To ensure the effectiveness of the audit, full-time member(s) of the Audit Committee are elected by resolutions of the Board of Directors.

Audit Committee Members (as of June 21, 2023)

Yoichiro Ogawa (Chairperson) (Outside Director)

Asako Suzuki (Full-time Audit Committee Member)

Masafumi Suzuki (Full-time Audit Committee Member)

Kunihiko Sakai (Outside Director)

Ryoko Nagata (Outside Director)

Mr. Yoichiro Ogawa, a Director, has abundant experience and considerable knowledge as a certified public accountant, and Mr. Masafumi Suzuki, also a Director, has had sufficient operating experience in the finance and accounting departments of the Company and its subsidiaries. Both qualify as “persons with considerable knowledge related to finance and accounting,” as specified under Article 121-9 of the Regulation for Enforcement of the Companies Act of Japan. Additionally, the Company’s Audit Committee has recognized Messrs. Yoichiro Ogawa and Masafumi Suzuki as “specialists in finance in the Audit Committee” as specified in the regulations of the U.S. Securities and Exchange Commission, based on Article 407 of the U.S. Public Company Accounting Reform and Investor Protection Act of 2002 (Sarbanes-Oxley Act of 2002). All five members of the Audit Committee remain independent as specified by the regulations of the U.S. Securities and Exchange Commission.

Specific discussion topics at the Audit Committee in FY2023

- Basic policy/annual activity plan
- Quarterly audit implementation status
- Quarterly review of consolidated financial statements by the Accounting Auditor
- Implementation status of internal audits, etc.



5 Governance

Corporate Governance 111

Compliance 124

Risk Management 127

Corporate Governance

Each member of the Audit Committee audits the execution of duties by Directors and Executive Officers in accordance with the auditing criteria for the Audit Committee, auditing policies, division of duties, etc., as determined by the Audit Committee. The audit is carried out through the following main activities using online tools such as web conferencing systems.

Main activities of the Audit Committee

| Initiative | Details |
|--|--|
| Dialogue with Executive Officers | Exchange opinions in meetings with Executive Officers regarding the management and business environments (75 meetings held during FY2023 of which Outside Directors participated 15 times). |
| Attendance at important meetings | Monitor and verify the status of the execution of duties by Directors and Executive Officers by attending the Executive Council and expressing opinions as necessary (full-time members). |
| Implementation of on-site audits | Implement on-site audits based on the annual audit plan. For certain subsidiaries in Japan and overseas Group companies, remote audits are conducted via web conferencing systems and videos. FY2023 Honda headquarters/business sites 19 areas (1 area with the participation of Outside Directors) Group companies in Japan 19 companies (5 companies with the participation of Outside Directors) Group companies outside Japan 25 sites (6 sites with the participation of Outside Directors) |
| Collaboration with the Accounting Auditor and the Audit Division | Exchange opinions in meetings regarding the accounting audit plan and results (eight meetings held with the Accounting Auditor in FY2023). Also, implement audits in collaboration with the internal Audit Division. |
| Strengthening the Group's governance structure | Maintain and strengthen the Group's governance structure by sharing information and exchanging opinions with the auditors of Group companies in Japan and by hosting lectures by Outside Directors. |

Standards for Audit Committee reports have been established to ensure the Committee receives timely and accurate reports. Based on these standards, reports are made periodically to the Audit Committee on the status of the business operations of the Company and its subsidiaries, the status of the implementation and operation of internal control systems, and other matters. Also, reporting is required whenever an issue arises that has a major impact on the Company.

The Company has formed the Board of Directors Office as a dedicated organization to support the Board of Directors, Nominating Committee, Audit Committee, and Compensation Committee in their duties.

Employees of the Board of Directors Office execute their duties under the supervision of the Board of Directors and the three committees. For matters such as performance evaluations, personnel changes, etc., the consent of the Audit Committee is required to ensure independence from Executive Officers and the effective implementation of instructions by the Audit Committee.

The Audit Division, organized as an internal audit division directly under the President and CEO, conducts internal audits of each division of the Company. It also provides supervision and guidance to internal audit divisions in major subsidiaries, and when necessary, audits subsidiaries directly.

The Audit Division regularly reports to the Audit Committee on audit policy, audit plans, and audit results, and when necessary, make additional reports on audit results at the request of the Audit Committee. Also, the Audit Committee and the Audit Division implement audits independently or in collaboration.



5 Governance

Corporate Governance

..... 111

Compliance 124

Risk Management 127

Corporate Governance

3. Compensation Committee

The Compensation Committee makes determinations regarding the details of compensation for each Director and Executive Officer and carries out other duties as prescribed by laws and regulations and the Articles of Incorporation. The Compensation Committee is composed of one Inside Director and three Outside Directors. The Chairperson is selected from among Independent Directors.

Compensation Committee Members (as of June 21, 2023)

Kazuhiro Higashi (Chairperson) (Outside Director)

Shinji Aoyama

Fumiya Kokubu (Outside Director)

Yoichiro Ogawa (Outside Director)

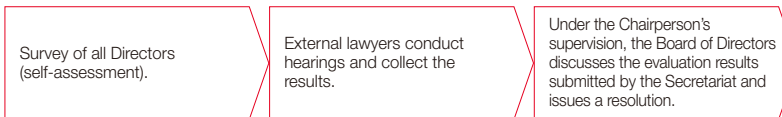
Specific items considered by the Compensation Committee in FY2023

- Basic policy/annual activity plan
- Executive performance evaluation
- Long-term incentive (LTI) and stock delivery regulations

Evaluation of the Effectiveness of the Board of Directors

Each fiscal year, the Company evaluates the overall effectiveness of the Board of Directors to confirm the current status of the Board's functions and with the aim of further improving its effectiveness and promoting understanding among shareholders and stakeholders.

Evaluation process



Evaluation results

| | Tasks for FY2022 | Main initiatives for FY2023 | Evaluation for FY2023 | Tasks and initiatives for the future |
|-------------------------------------|---|--|---|---|
| Composition | Continued examination of the composition of the Board of Directors for further functional enhancement | Discussing the need for formulating, disclosing, and revising the skill matrix in the Nominating Committee | The current composition of the Board of Directors is appropriate | Further deepening the discussion on the expertise and diversity of future Directors. |
| Shared Information | Further enhancement of timely information sharing and opportunities for business site visits for Outside Directors | <ul style="list-style-type: none"> · Additional information sharing matters for Outside Directors · Enhancement of opportunities for Outside Directors to visit business sites and events | <ul style="list-style-type: none"> · The information provided is substantial. · It was meaningful to have ample opportunities for external directors to visit business sites and events, which deepened their understanding of the business and allowed them to experience the corporate culture. | Provide information and inspection opportunities with a greater focus |
| Agenda items for deliberation, etc. | Further enhance opportunities to share information and exchange opinions about the progress status of the medium-term management plan and the direction of the next term plan | <ul style="list-style-type: none"> · Setting up opportunities for information sharing and discussion regarding the direction of the next management plan. · Conduct a meeting to exchange views on management-related concerns | <ul style="list-style-type: none"> · Discussion items are narrowed down to important matters. · Information sharing/opinion exchange opportunities are effective | Enhancing board discussions through effective setup of information sharing/exchange opportunities |
| Deliberation at meetings | Further revitalization of discussions in the Board of Directors | Update proposals and explanations on the day of the event as appropriate, based on questions and discussions raised at the pre-briefing | <ul style="list-style-type: none"> · Active debates are underway · Each director provides insightful opinions and questions | Further revitalization of discussions in the Board of Directors (Continued) |
| Committees | Maintaining and enhancing coordination between committees and the Board of Directors | Report the deliberation status of each committee at the Board of Directors meeting immediately following the committee meeting | The deliberation status of each committee is being properly reported to the Board of Directors. | Maintaining and enhancing coordination between committees and the Board of Directors (Continued) |

Summary of evaluation results

The results of the effectiveness evaluation confirmed that the effectiveness of the Board of Directors has been adequately ensured through the following initiatives: setting appropriate items for deliberation and frequency of meetings, providing information to outside directors and enhancing opportunities for exchange of opinions, including business site visits, as well as the appropriate operation of the three committees.

Going forward, the Company will further enhance the effectiveness of the monitoring-type Board of Directors by stimulating discussion both within and outside the Board of Directors and by further strengthening cooperation between the Board of Directors and the three committees.

5 Governance

Corporate Governance

..... 111

Compliance 124

Risk Management 127

Corporate Governance

Outside Directors

Honda appoints Outside Directors who have abundant experience and deep insight and who are capable of overseeing the business management of the Company from an objective, highly sophisticated, and broad viewpoint thanks to their independent position outside the Company. The Company has at least two Outside Directors, and at least one-third of the members of the Board of Directors are Independent Directors who fulfill the Company's Criteria for the Independence of Outside Directors. All five Outside Directors currently in office satisfy the Criteria for Independence of Outside Directors and their interests are not in conflict with those of the Company or the shareholders. The five Outside Directors are specified as Independent Directors as prescribed by a provision of the Tokyo Stock Exchange (TSE). The names of these Directors have been submitted to the TSE.

Please see "Honda Corporate Governance Basic Policies" for Honda's Criteria for the Independence of Outside Directors. If any Outside Director also serves as an officer at another listed company, such Director shall only serve at four companies other than the Company so that they can secure sufficient time to perform their duties for the Company.

Support Systems for Outside Directors

Honda's Board of Directors Office plays a central role in providing the following support to Outside Directors to ensure they can maximize their functions as Outside Directors.

1. Orientation at the time the Director assumes this role
Honda provides training in industry trends, as well as the Company's history, business, finances, organizations, internal control system, and other matters to newly appointed Outside Directors.
2. Preliminary briefing sessions and information-sharing meetings
Preliminary briefing sessions are held for Outside Directors in advance of each Board of Directors' meeting for the following purposes: to ensure that they fully understand the details and background of each agenda item to be submitted to the Board of

Directors, its position in the medium- to long-term management plan, and other relevant information, and to ensure that the Board of Directors holds substantial deliberations. Honda also provides opportunities for information sharing and discussion among Directors on important matters such as the status of company-wide risk management and the progress of the medium- to long-term management plan, as appropriate.

3. Opinion exchange meetings on matters of management concern
Honda holds opinion exchange meetings for Directors regarding matters of concern to management. These meetings aim to share with Outside Directors an awareness of the Honda Group's long-term challenges and directions to be pursued and to deepen their understanding of management initiatives. Such meetings are also intended to utilize the knowledge of Outside Directors in discussing future management policies.

4. Dialogue with Executive Officers/dialogue among Outside Directors
To facilitate forthright communication among Directors, Honda provides opportunities for dialogue between Outside Directors and Executive Officers or Inside Directors, as well as dialogue among Outside Directors as needed.

5. Inspection visits to business sites
Honda arranges inspection visits to its plants and other business sites as necessary to promote Outside Directors' understanding of the Company's business.



Inspection of the Saitama Factory's assembly plant

5 Governance

Corporate Governance 111

Compliance 124

Risk Management 127

Corporate Governance

Business Execution (Organizational Management)

To strengthen regional and on-site business execution and to make prompt and appropriate management decisions, Honda assigns Executive Officers and other business execution managers to each regional, business, and functional divisions and key organizational units, who are delegated authority by the Representative Executive Officers and are responsible for executing operations in their areas of responsibility.

Director and Operating Officer Training

Honda provides training in the Companies Act, corporate governance, etc., to Operating Officers who are prospective Director candidates. After they assume their positions as Directors, the Company also provides them with training to continually update their knowledge as necessary. Honda provides training in industry trends, as well as the Company's history, business, finances, organizations, internal control system, and other matters to newly appointed Outside Directors. After they assume their positions as Directors, the Company also provides them with additional opportunities, including visits to subsidiaries, to deepen their understanding of the Honda Group's business.

Tax Policy

The Honda Tax Policy prescribes the basic stance and idea regarding taxes for Honda Motor Co., Ltd. and its consolidated subsidiaries. The policy aims to contribute to society as well as maintain and increase corporate value by complying with the tax laws and regulations, and their intent, for each country and region where Honda conducts business activities, and by making proper tax payments.

Tax systems of each country and region and international taxation rules are frequently changed. In this environment, to ensure the conducting of its business in a stable and proper manner Honda carries out accurate and high-quality tax affairs and responds to tax risks associated with its businesses in accordance with the Tax Policy. For details, please refer to the Honda Tax Policy.

Honda Tax Policy → p. 152



5 Governance

Corporate Governance 111

Compliance 124

Risk Management 127

Remuneration of Directors

The Company views remuneration for Directors and Executive Officers, the key to its corporate governance, as an important driving force in realizing our fundamental beliefs, management policies, and aspirations. The Compensation Committee has established the following decision-making policy to encourage appropriate risk-taking and accurately reflect management responsibility to promote speedy reforms and thus achieve our vision amidst a rapidly changing environment.

The Company's remuneration structure for Directors and Executive Officers is designed to motivate employees to contribute to the improvement of the Company's business performance not only over the short-term but also over the medium- to long-term so that the Company can continuously enhance its corporate value. The structure consists of monthly remuneration, a fixed amount paid each month as remuneration for the execution of duties, a short-term incentive (STI) based on business performance for the relevant fiscal year, and a long-term incentive (LTI) based on medium- to long-term business performance.

Monthly remuneration shall be paid as a fixed amount each month based on the remuneration standards decided by the Compensation Committee.

STI shall be determined and paid by the resolution of the Compensation Committee, taking into consideration the business's performance in each fiscal year.

Based on the standards and procedures approved by the Compensation Committee, LTI is based on the business's medium- to long-term performance and paid in the form of Company shares and cash to function as a sound incentive for sustainable growth.

The remuneration paid to Directors who concurrently serve as Directors and Executive Officers shall consist of monthly remuneration, STI, and LTI. The composition rate shall be determined based on the remuneration standards decided by the Compensation Committee. The composition ratio of variable compensation shall increase according to the responsibilities assumed by the individual.

The remuneration paid to Outside Directors and other Directors who do not concurrently serve as Executive Officers shall consist only of monthly remuneration.

To advance the Company's sustainable growth and enhance its corporate value over the medium-to long-term from shareholders' perspectives, even Directors and Executive Officers who are ineligible for LTI shall acquire the Company's stock by contributing a certain portion of their remuneration to the Officers Shareholding Association.

Throughout their term of office and for one year after their retirement, Directors and Executive Officers shall continuously hold Company stock acquired as LTI or through the Officers Shareholding Association.

Please see Article 13 of "Honda Corporate Governance Basic Policies" for information on the policy for determining remuneration for Directors.

- Total remuneration for Directors and Executive Officers → p. 151
- Annual total remuneration and bonuses for the highest-paid individual (President and Representative Executive Officer, Chief Executive Officer) (Japan) → p. 151
- Rate of increase in annual total remuneration and bonuses of the highest-paid individual (President and Representative Executive Officer, Chief Executive Officer) (Japan) → p. 151

Remuneration of Accounting Auditors

The Company undergoes accounting audits by KPMG AZSA LLC under the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, the Securities Exchange Act of 1934 (United States) and the Exchange Act of 1933 (United States). The duration of continuous auditing by KPMG AZSA LLC is 18 years, and it is the period during which KPMG AZSA LLC, the current auditor, has continuously audited the consolidated financial statements and financial statements included in the Company's Securities Report. In addition, KPMG, to which KPMG AZSA LLC belongs as a member firm, has been conducting audits of the Company for U.S. SEC registration purposes since 1962.

A total of 80 staff members at KPMG AZSA LLC have been engaged in the auditing services, including 3 certified public accountants (Masahiko Chino, Isao Kamizuka, and Takeshi Kamada), who are responsible for the execution of the accounting audits, and 77 assistant members (24 certified public accountants and 53 other members).

In deciding the remuneration for auditing services by the certified public accountants, etc., the Company consults with the Accounting Auditor and takes into consideration various factors, including the size and characteristics of the Company and the audit schedule. To maintain the independence of the Accounting Auditor, prior approval by the Audit Committee is obtained for the audit remuneration.



5 Governance

Corporate Governance

..... 111

Compliance 124

Risk Management 127

Directors (as of June 21, 2023)



Chairman and Director
Seiji Kuraishi
 ■ Chairman of the Board of Directors

Reasons for Appointment
 Mr. Seiji Kuraishi has broad experience primarily in the areas of supply chain management and sales and marketing, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2023, he has properly fulfilled his duties as Chairman of the Board of Directors through managing the Board of Directors and overseeing business execution from a global perspective.

| | | | |
|-----------|---|-----------|---|
| Apr. 1982 | Joined Honda Motor Co., Ltd. | Apr. 2017 | Officer in Charge of Strategy, Business Operations and Regional Operations |
| Jun. 2010 | Director | Jun. 2017 | Executive Vice President and Representative Director |
| Apr. 2011 | Operating Officer and Director | Apr. 2019 | Director in Charge of Strategy, Business Operations and Regional Operations |
| Jun. 2011 | Operating Officer (resigned from position as Director) | Apr. 2019 | Chief Officer for Automobile Operations |
| Nov. 2013 | President of Honda Motor (China) Technology Co., Ltd. | Jun. 2021 | Director, Executive Vice President and Representative Executive Officer |
| Apr. 2014 | Managing Officer of the Company | Jun. 2021 | Member of the Compensation Committee |
| Apr. 2016 | Senior Managing Officer | Apr. 2022 | Chairman and Director (present) |
| Jun. 2016 | Executive Vice President, Executive Officer and Representative Director | Apr. 2022 | Chairman of the Board of Directors (present) |
| Jun. 2016 | Risk Management Officer | | |
| Jun. 2016 | Corporate Brand Officer | | |
| Apr. 2017 | Chief Operating Officer | | |



Director, President and Representative Executive Officer
Toshihiro Mibe
 ■ Member of the Nominating Committee
 ■ Chief Executive Officer

Reasons for Appointment
 Mr. Toshihiro Mibe has broad experience primarily in the areas of R&D and production, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2023, he has properly fulfilled his duties as Director, President and Representative Executive Officer, and Chief Executive Officer of the Company by demonstrating strong leadership and being responsible for the management of the entire Company Group, as well as overseeing business execution.

| | | | |
|-----------|---|-----------|---|
| Apr. 1987 | Joined Honda Motor Co., Ltd. | Apr. 2019 | Officer in Charge of Intellectual Property and Standardization of the Company |
| Apr. 2014 | Operating Officer | Apr. 2020 | Senior Managing Officer |
| Apr. 2014 | Executive in Charge of Powertrain Business for Automobile Operations | Apr. 2020 | Officer in Charge of Mono-zukuri (R&D, Production, Purchasing, Quality, Parts, Service, Intellectual Property, Standardization and IT) |
| Apr. 2014 | Head of Powertrain Production Supervisory Unit of Automobile Production for Automobile Operations | Apr. 2020 | Risk Management Officer |
| Apr. 2015 | Executive in Charge of Powertrain Business and Drivetrain Business for Automobile Operations | Jun. 2020 | Senior Managing Director |
| Apr. 2015 | Head of Drivetrain Business Unit in Automobile Production for Automobile Operations | Jun. 2020 | Director in Charge of Mono-zukuri (R&D, Production, Purchasing, Quality, Parts, Service, Intellectual Property, Standardization and IT) |
| Apr. 2016 | Senior Managing Officer and Director of Honda R&D Co., Ltd. | Apr. 2021 | President and Representative Director |
| Apr. 2018 | Managing Officer of the Company | Apr. 2021 | Chief Executive Officer (present) |
| Apr. 2018 | Executive Vice President and Director of Honda R&D Co., Ltd. | Jun. 2021 | Director, President and Representative Executive Officer (present) |
| Apr. 2019 | President and Representative Director of Honda R&D Co., Ltd. | Jun. 2021 | Member of the Nominating Committee (present) |



Director, Executive Vice President and Representative Executive Officer
Shinji Aoyama
 ■ Member of the Compensation Committee
 ■ Chief Operating Officer
 ■ Risk Management Officer
 ■ In Charge of Government and Industry Relations

Reasons for Appointment
 Mr. Shinji Aoyama has broad experience primarily in the area of sales and marketing in the Motorcycle Operations, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2023, he has properly fulfilled his duties as Chief Officer for Automobile Operations and Chief Officer for Business Development Operations by demonstrating strong leadership and contributing to the business from a global perspective, as well as overseeing business execution.

| | | | |
|-----------|---|-----------|---|
| Apr. 1986 | Joined Honda Motor Co., Ltd. | Apr. 2019 | President, Chief Executive Officer and Director of Honda North America, Inc. |
| Apr. 2012 | Operating Officer | Apr. 2019 | President, Chief Executive Officer and Director of American Honda Motor Co., Inc. |
| Apr. 2013 | Chief Officer for Motorcycle Operations | Jul. 2021 | Managing Officer in Charge of Electrification of the Company |
| Jun. 2013 | Operating Officer and Director | Oct. 2021 | Managing Executive Officer |
| Apr. 2017 | Chief Officer for Regional Operations (Asia & Oceania) | Apr. 2022 | Senior Managing Executive Officer |
| Apr. 2017 | President, Chief Executive Officer and Director of Asian Honda Motor Co., Ltd. | Apr. 2022 | Chief Officer for Business Development Operations |
| Jun. 2017 | Operating Officer of the Company (resigned from position as Director) | Apr. 2022 | Corporate Brand Officer |
| Apr. 2018 | Managing Officer | Jun. 2022 | Chief Officer for Automobile Operations |
| Apr. 2018 | Vice Chief Officer for Regional Operations (North America) | Jun. 2022 | Director and Senior Managing Executive Officer |
| Apr. 2018 | Senior Executive Vice President, Chief Operating Officer and Director of Honda North America, Inc. | Apr. 2023 | Director, Executive Vice President and Representative Executive Officer (present) |
| Apr. 2018 | Senior Executive Vice President, Chief Operating Officer and Director of American Honda Motor Co., Inc. | Apr. 2023 | Chief Operating Officer (present) |
| Nov. 2018 | President, Chief Operating Officer and Director of Honda North America, Inc. | Apr. 2023 | Member of the Compensation Committee (present) |
| Nov. 2018 | President, Chief Operating Officer and Director of American Honda Motor Co., Inc. | Apr. 2023 | Risk Management Officer (present) |
| Apr. 2019 | Chief Officer for Regional Operations (North America) of the Company | Apr. 2023 | In Charge of Government and Industry Relations (present) |



5 Governance

Corporate Governance

..... 111

Compliance 124

Risk Management 127

Directors (as of June 21, 2023)



Director, Senior Managing Executive Officer

Noriya Kaihara

- Chief Officer for Regional Operations (North America)
- President, Chief Executive Officer and Director of American Honda Motor Co., Inc.

Reasons for Appointment

Mr. Noriya Kaihara has broad experience primarily in the areas of service, quality, and purchasing, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2023, he demonstrated strong leadership to increase the joy of customers as an officer responsible for North America, and has achieved satisfactory results through contributing to the business from a global perspective.

| | | | |
|-----------|--|-----------|---|
| Apr. 1984 | Joined Honda Motor Co., Ltd. | Apr. 2020 | Head of the Business Supervisory Unit, Automobile Operations |
| Apr. 2012 | General Manager of the Automobile Quality Assurance Division | Apr. 2021 | Chief Officer for Customer First Operations |
| Apr. 2013 | Operating Officer | Apr. 2021 | Risk Management Officer |
| Apr. 2013 | Chief Quality Officer | Jun. 2021 | Managing Executive Officer |
| Jun. 2013 | Operating Officer and Director | Oct. 2021 | Managing Officer |
| Apr. 2014 | Chief Officer for Customer Service Operations | Oct. 2021 | Chief Officer for Regional Operations (North America) (present) |
| Apr. 2014 | Head of Service Supervisory Unit for Automobile Operations | Oct. 2021 | President, Chief Executive Officer and Director, American Honda Motor Co., Inc. (present) |
| Apr. 2016 | Chief Officer for Customer First Operations | Apr. 2023 | Senior Managing Executive Officer of the Company |
| Jun. 2017 | Operating Officer (resigned from position as Director) | Jun. 2023 | Director, Senior Managing Executive Officer of the Company (present) |
| Apr. 2018 | Managing Officer | | |
| Apr. 2018 | Chief Officer for Purchasing Operations | | |



Director

Asako Suzuki

- Member of the Audit Committee (Full-time)

Reasons for Appointment

Ms. Asako Suzuki has broad experience primarily in the areas of sales and marketing, accounting and finance, human resources and corporate governance, as well as abundant international experience, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2023, she has properly fulfilled her duties as Director and a Member of the Audit Committee by auditing and overseeing the execution of duties by Directors and Executive Officers.

| | |
|-----------|---|
| Apr. 1987 | Joined Honda Motor Co., Ltd. |
| Apr. 2014 | President of Dongfeng Honda Automobile Co., Ltd. |
| Apr. 2016 | Operating Officer of the Company |
| Apr. 2018 | Vice Chief Officer for Regional Operations (Japan) |
| Apr. 2019 | Chief Officer for Human Resources and Corporate Governance Operations |
| Apr. 2020 | Operating Executive |
| Jun. 2021 | Director (present) |
| Jun. 2021 | Member of the Audit Committee (Full-time) (present) |



Director

Masafumi Suzuki

- Member of the Audit Committee (Full-time)

Reasons for Appointment

Mr. Masafumi Suzuki held the position of General Manager of Accounting Division for Business Management Operations of the Company. He has high expertise and abundant experience in the areas of accounting and finance, and is familiar with the Company Group's business including overseas operations. In the fiscal year ended March 31, 2023, he has properly fulfilled his duties as Director and a Member of the Audit Committee by auditing and overseeing the execution of duties by Directors and Executive Officers.

| | |
|-----------|--|
| Apr. 1987 | Joined Honda Motor Co., Ltd. |
| Apr. 2012 | General Manager of Regional Operation Planning Office for Regional Operations (Europe, CIS, the Middle & Near East and Africa) |
| Apr. 2013 | General Manager of Accounting Division for Business Management Operations |
| Jun. 2017 | Director (Full-time Audit and Supervisory Committee Member) |
| Jun. 2021 | Director (present) |
| Jun. 2021 | Member of the Audit Committee (Full-time) (present) |



Director

Kunihiko Sakai

- Member of the Nominating Committee
- Member of the Audit Committee

Reasons for Appointment

Mr. Kunihiko Sakai has high expertise and abundant experience as a legal affairs specialist having served as Public Prosecutor and a lawyer, including posts of Superintending Prosecutor at High Public Prosecutors' Offices from July 2014 to March 2017. He has properly fulfilled his duties as Outside Director who is an Audit and Supervisory Committee Member since June 2019, and as Outside Director and a Member of the Nominating Committee and the Audit Committee since June 2021, by auditing and overseeing the entire business management of the Company from an independent standpoint.

| | | | |
|-----------|---|-----------|---|
| Apr. 1979 | Public Prosecutor of Tokyo District Public Prosecutors' Office | Apr. 2017 | Advisor Attorney to TMI Associates (present) |
| Jun. 2012 | President of Research and Training Institute of Ministry of Justice | Jun. 2018 | Audit and Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present) |
| Jul. 2014 | Superintending Prosecutor of Takamatsu High Public Prosecutors' Office | Jun. 2019 | Outside Director (Audit and Supervisory Committee Member) of the Company |
| Sep. 2016 | Superintending Prosecutor of Hiroshima High Public Prosecutors' Office (resigned in March 2017) | Jun. 2021 | Outside Director (present) |
| Apr. 2017 | Registered with the Dai-ichi Tokyo Bar Association | Jun. 2021 | Member of the Nominating Committee (present) |
| | | Jun. 2021 | Member of the Audit Committee (present) |

5 Governance

Corporate Governance

..... 111

Compliance 124

Risk Management 127

Directors (as of June 21, 2023)



Director

Fumiya Kokubu

- Member of the Nominating Committee (Chairperson)
- Member of the Compensation Committee

Reasons for Appointment

Mr. Fumiya Kokubu held positions of President and CEO, and Chairman of the Board of Marubeni Corporation from 2013, and has abundant experience and deep insight regarding corporate management. He has properly fulfilled his duties as Outside Director since June 2020, and as Outside Director, the Chairperson of the Nominating Committee and a Member of the Compensation Committee since June 2021 by overseeing the entire business management of the Company from an independent standpoint.

| | | | |
|-----------|--|----------|---|
| Apr. 1975 | Joined Marubeni Corporation | May 2022 | Chairman of Japan Machinery Center for Trade and Investment (present) |
| Apr. 2013 | President and CEO, Member of the Board of Marubeni Corporation | May 2022 | Chairman of Japan Foreign Trade Council, Inc. (present) |
| Apr. 2019 | Chairman of the Board of Marubeni Corporation (present) | | |
| Jun. 2019 | Outside Director of Taisei Corporation (present) | | |
| Jun. 2020 | Outside Director of the Company (present) | | |
| Jun. 2021 | Member of the Nominating Committee (Chairperson) (present) | | |
| Jun. 2021 | Member of the Compensation Committee (present) | | |



Director

Yoichiro Ogawa

- Member of the Audit Committee (Chairperson)
- Member of the Compensation Committee

Reasons for Appointment

Mr. Yoichiro Ogawa has high expertise and abundant experience as an accounting specialist having served as a Certified Public Accountant for many years, including posts of CEO of Deloitte Tohmatsu Group from July 2015 to May 2018. He has properly fulfilled his duties as Outside Director, the Chairperson of the Audit Committee and a Member of the Compensation Committee since June 2021 by auditing and overseeing the entire business management of the Company from an independent standpoint.

| | | | |
|-----------|---|-----------|--|
| Oct. 1980 | Joined Tohmatsu & Aoki Audit Corporation (currently Deloitte Touche Tohmatsu LLC) | Jun. 2018 | Senior Advisor of Deloitte Tohmatsu Group (resigned in October 2018) |
| Mar. 1984 | Registered as Japanese Certified Public Accountant | Nov. 2018 | Founder of Yoichiro Ogawa CPA Office (present) |
| Oct. 2013 | Deputy CEO of Deloitte Touche Tohmatsu LLC | Jun. 2020 | Outside Audit & Supervisory Board Member of Recruit Holdings Co., Ltd. (present) |
| Oct. 2013 | Deputy CEO of Tohmatsu Group (currently Deloitte Tohmatsu Group) | Jun. 2021 | Outside Director of the Company (present) |
| Jun. 2015 | Global Managing Director for Asia Pacific of Deloitte Touche Tohmatsu Limited (United Kingdom) (resigned in May 2018) | Jun. 2021 | Member of the Audit Committee (Chairperson) (present) |
| Jul. 2015 | CEO of Deloitte Tohmatsu Group | Jun. 2021 | Member of the Compensation Committee (present) |



Director

Kazuhiro Higashi

- Member of the Nominating Committee
- Member of the Compensation Committee (Chairperson)

Reasons for Appointment

Mr. Kazuhiro Higashi held positions of President and Chairman of Resona Holdings, Inc. from April 2013 to June 2022, and has abundant experience and deep insight regarding corporate management. He has properly fulfilled his duties as Outside Director, the Chairperson of the Compensation Committee and a Member of the Nominating Committee since June 2021 by overseeing the entire business management of the Company from an independent standpoint.

| | | | |
|-----------|---|-----------|--|
| Apr. 1982 | Joined Resona Group | Apr. 2020 | Chairman and Director of Resona Holdings, Inc. (resigned in June 2022) |
| Apr. 2013 | Director of Resona Holdings Inc. | Apr. 2020 | Chairman and Director of Resona Bank, Limited (resigned in June 2022) |
| Apr. 2013 | President and Representative, Executive Officer of Resona Holdings, Inc. | Jun. 2020 | Outside Director of Sampo Holdings, Inc. (present) |
| Apr. 2013 | Representative Director, President and Executive Officer of Resona Bank, Limited | Jun. 2021 | Outside Director of the Company (present) |
| Jun. 2013 | Chairman of Osaka Bankers Association (resigned in June 2014) | Jun. 2021 | Member of the Nominating Committee (present) |
| Apr. 2017 | Chairman of the Board, President and Representative Director of Resona Bank, Limited | Jun. 2021 | Member of the Compensation Committee (Chairperson) (present) |
| Jun. 2017 | Chairman of Osaka Bankers Association (resigned in June 2018) | Jun. 2022 | Senior Advisor of Resona Holdings, Inc. (present) |
| Apr. 2018 | Chairman of the Board, President, Representative Director and Executive Officer of Resona Bank, Limited | Jun. 2022 | Senior Advisor of Resona Bank, Limited (present) |



Director

Ryoko Nagata

- Member of the Audit Committee

Reasons for Appointment

Ms. Ryoko Nagata held positions of Executive Officer and Audit & Supervisory Board Member of Japan Tobacco Inc. from 2008 to March 2023, and has abundant experience and deep insight regarding corporate management and audit. She has properly fulfilled her duties as Outside Director and a Member of the Audit Committee since June 2021 by auditing and overseeing the entire business management of the Company from an independent standpoint.

| | | | |
|-----------|--|--|--|
| Apr. 1987 | Joined Japan Tobacco Inc. | | |
| Jun. 2008 | Executive Officer of Japan Tobacco Inc. | | |
| Mar. 2018 | Standing Audit & Supervisory Board Member of Japan Tobacco Inc. (resigned in March 2023) | | |
| Jun. 2021 | Outside Director of the Company (present) | | |
| Jun. 2021 | Member of the Audit Committee (present) | | |
| Mar. 2023 | External Corporate Auditor of Medley, Inc. (present) | | |

5 Governance

Corporate Governance 111

Compliance 124

Risk Management 127

Skills Matrix

| Name | Position | Committee * Chairperson indicated in red | Corporate management | Internationality | Industrial experience | New business strategies | HR | Accounting & finance | Legal & risk management | ESG & sustainability |
|------------------|---|--|-------------------------|------------------|--------------------------|----------------------------|----|-------------------------|----------------------------|-------------------------|
| Seiji Kuraishi | Chairman and Director | - | ✓ | ✓ | ✓ | | ✓ | | ✓ | ✓ |
| Toshihiro Mibe | Director, President and Representative Executive Officer | Nominating | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Shinji Aoyama | Director, Executive Vice President and Representative Executive Officer | Compensation | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Noriya Kaihara | Director, Senior Managing Executive Officer | - | | ✓ | ✓ | | | | ✓ | ✓ |
| Asako Suzuki | Director (inside) | Audit | | ✓ | ✓ | | ✓ | ✓ | ✓ | |
| Masafumi Suzuki | Director (inside) | Audit | | ✓ | ✓ | | | ✓ | | |
| Kunihiko Sakai | Director (outside) | Nominating/ Audit | | ✓ | | | | | ✓ | |
| Fumiya Kokubu | Director (outside) | Nominating/ Compensation | ✓ | ✓ | | ✓ | ✓ | | | |
| Yoichiro Ogawa | Director (outside) | Audit/ Compensation | ✓ | ✓ | | | ✓ | ✓ | | |
| Kazuhiro Higashi | Director (outside) | Nominating/ Compensation | ✓ | | | ✓ | ✓ | ✓ | ✓ | |
| Ryoko Nagata | Director (outside) | Audit | | | | ✓ | ✓ | | | ✓ |

5 Governance

Corporate Governance

..... 111

Compliance 124

Risk Management 127

Executive Officers (as of April 1, 2023)



Senior Managing Executive Officer
Katsushi Inoue
■ Chief Officer, Electrification Business Development Operations



Managing Executive Officer
Mitsugu Matsukawa
■ President and Director, Honda Development & Manufacturing of America, LLC



Managing Executive Officer
Noriaki Abe
■ Chief Officer, Motorcycle and Power Products Operations
■ Chief Officer, Traffic Safety Promotion Operations
■ Compliance Officer



Managing Executive Officer
Keiji Ohtsu
■ President and Representative Director, Honda R&D Co., Ltd.



Managing Executive Officer
Masayuki Igarashi
■ Chief Officer, Regional Operations (China)
■ President, Honda Motor (China) Investment Co., Ltd.
■ President, Honda Motor (China) Technology Co., Ltd.



Managing Executive Officer
Kensuke Oe
■ Head, Production Unit, Automobile Operations



Managing Executive Officer
Taro Kobayashi
■ Chief Officer, Automobile Operations
■ Chief Officer, Regional Operations (Associated Regions)



Managing Executive Officer
Manabu Ozawa
■ Chief Officer, Corporate Strategy Operations



Managing Executive Officer
Hironao Ito
■ Head, BEV Development Center, Electrification Business Development Operations
■ Head, Automobile Development Center, Automobile Operations
■ Director, Honda R&D Co., Ltd.



Executive Officer
Eiji Fujimura
■ Chief Financial Officer
■ Chief Officer, Corporate Management Operations



5 Governance

Corporate Governance 111

Compliance 124

Risk Management 127

Honda Code of Conduct

To earn the trust of customers and society and achieve sustainable growth, we must not only comply with laws and regulations but also practice sincere and ethical conduct.

Recognizing this, Honda has formulated the Honda Code of Conduct, which summarizes the integrity of conduct to be practiced by all Honda associates around the world, and shares it throughout the Group, including subsidiaries in Japan and overseas.

The Company works to instill the Honda Code of Conduct in each and every associate through awareness-raising activities such as distribution of leaflets and posters, publication of in-house newsletters, distributing educational videos, and introducing case studies and other information on the intranet, as well as conducting training sessions. The status of these activities is regularly reported to the Compliance Committee after confirmation by each division and subsidiary of the Company.



Honda Code of Conduct



In-house newsletters

Compliance Committee

To improve compliance in the Honda Group, Honda has established a Compliance Committee, headed by a Compliance Officer designated by the Board of Directors. This Committee is composed of the Compliance Officer as well as Executive Officers and other Executives who are appointed by the Executive Council. The Committee determines important measures for the internal control system, including the formulation and revision of compliance policies, checks the status of the development and operation of the internal control system, supervises the proper operation of the Business Ethics Kaizen Proposal Line, and decides measures to prevent recurrences of serious compliance-related matters when they arise. When a particularly important compliance-related matter arises, it will be deliberated or reported at a meeting of the Executive Council or the Board of Directors, depending on the nature of the matter.

The Compliance Committee met five times (four regular meetings and one extraordinary meeting) in FY2023 to report on the status of development and operation of internal control systems as well as the operation status of the Business Ethics Kaizen Proposal Line, among other things. There were no major violations of laws or regulations in FY2023.



5 Governance

Corporate Governance 111

Compliance 124

Risk Management 127

Business Ethics Kaizen Proposal Line

Honda established the Business Ethics Kaizen Proposal Line as a structure for improving corporate ethics issues. This hotline accepts proposals and provides consultation from a fair and neutral standpoint, for any violations of laws/regulations or internal rules in the workplace, and issues that are difficult for associates to remedy or resolve in the workplace for some reason, such as difficulties in consulting with their superiors.

Furthermore, in addition to cases of a clear violation of laws/regulations or internal rules, this hotline provides consultation and responds to inquiries about the details of internal rules when questionable cases have occurred and engages in fact checking related to such cases. Proposals are accepted by email, letter, telephone or fax from all subsidiaries and suppliers in Japan and overseas, as well as from the parent company. This hotline ensures protection of the Kaizen proposers and accepts also anonymous proposals.

Moreover, the Company established a point of contact within an external law office to facilitate associates to submit proposals. As for overseas, local points of contact have been established in all Regional Operations, while some subsidiaries set up their own points of contact.

In FY2023, 333 proposals and consultations were handled by the Business Ethics Kaizen Proposal Line (including points of contact outside the Company). Among these, 164 concerned the parent company, 160 concerned subsidiaries and 9 concerned other matters.

Following investigations of the proposals and consultations submitted, disciplinary action was taken in four cases in the parent company and six cases in subsidiaries. There was no case involving the Company that resulted in punitive dismissal. None of the cases involved violations of the Honda Policy on the Prevention of Bribery.

In order to raise internal awareness of the points of contact, Honda provides notice on its intranet, distributes information cards to all associates, including fixed-term employees and temporary workers, and displays information posters in each workplace. These tools clearly state that the Kaizen proposers are protected. In addition, Honda observes how well these points of contact are recognized through an annual associate vitality survey for all associates. For departments found in these surveys to have low recognition of the points of contact, the Company makes additional efforts to increase their awareness.

Initiatives to Prevent Bribery and Corruption

Honda prohibits bribery and corruption.

The Honda Code of Conduct requires that the Company complies with laws and regulations, and states that “as an independent corporate entity, Honda maintains appropriate relationships with political entities (political organizations and politicians) and administrative entities (governmental agencies and government officials)” and “will interact with political and administrative entities in an appropriate manner in compliance with laws, regulations and company policies and will not offer politicians or government officials entertainment or gifts (both monetary and non-monetary) that are prohibited by laws, regulations and company policies.” Moreover, the Code stipulates that the associates “will not receive from or provide to business partners benefits in the form of goods (both monetary and non-monetary) or entertainment beyond what is generally considered appropriate by society.”

In addition to the above, the Company also established the Honda Policy on the Prevention of Bribery and Corruption, which stipulates basic policy about bribery and corruption, and the Honda Guideline for the Prevention of Bribery and Corruption, which stipulates specific compliance items and prohibited items. These are posted on the intranet for Honda associates along with related educational content.

Honda strives to further reduce the risk of bribery and corruption by educating all associates on the bribery and corruption prevention through awareness-raising activities in accordance with the Honda Code of Conduct, and by providing training to personnel stationed overseas and newly appointed managers based on their positions and roles. Regarding its subsidiaries, Honda has launched training programs, matched to conditions in each company, aimed at raising awareness.



5 Governance

Corporate Governance 111

Compliance 124

Risk Management 127

Initiatives for Prevention of Anti-Competitive Behavior

As a company engaged in business globally, Honda takes great care in its daily business activities to comply with competition laws in the countries where it operates.

The Honda Code of Conduct states that “Honda will engage in free and open competition with competitors to maintain its stance as a company trusted by customers and society” and that each associate “will comply with competition laws (antitrust laws)” to ensure compliance with competition laws.

As a part of its measures to strengthen compliance, Honda implements individual training for related departments on anti-competitive behavior. It also incorporates programs on the topic of anti-competitive behavior in training for personnel stationed overseas and for newly appointed managers. Additionally, Honda publishes awareness-raising content concerning anti-competitive behavior on the Company’s intranet for its associates.

Rules on Conflict Minerals

The rules for disclosure on conflict minerals adopted by the U.S. Securities and Exchange Commission (SEC) and mandated by the Dodd-Frank Wall Street Reform and the Consumer Protection Act (Dodd-Frank Act) require corporations to confirm that the purchase and use of conflict minerals from the Democratic Republic of the Congo and adjoining countries are not contributing to the funding of armed groups or the abuse of human rights in the region.

Honda aims to be ‘conflict-free’ by not using conflict minerals associated with illicit activities such as funding armed groups and human rights violations in conflict zones.

Accordingly, Honda conducts surveys based on the standards prescribed in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. To achieve this goal and help resolve the global problem of conflict minerals, the Company is actively engaged with domestic and international industry organizations and its suppliers.

To conduct the surveys, Japan Automobile Manufacturers Association, Inc. has created a manual for suppliers to help them complete the survey forms, as well as tools to tabulate the survey results.

Also, in collaboration with entities such as the Japan Auto Parts Industries Association and the Japan Electronics and Information Technology Industries Association, Honda is examining efficient survey methods and is working to understand and analyze survey results while regularly implementing various working activities.

In North America, Honda is working with the Responsible Minerals Initiative (RMI), an international initiative promoting responsible mineral procurement, to encourage smelters and refiners to participate in the Responsible Minerals Assurance Process (RMAP).

Honda shares the Honda Supplier Sustainability Guidelines with its suppliers, which summarize what is expected of them regarding Sustainability activities, including how to deal with conflict minerals, and encourages procurement in line with the guidelines. Honda is encouraging its tier 1 suppliers to implement the same initiatives toward their sub-tier suppliers.

Since 2013, Honda has surveyed its suppliers worldwide concerning the use of conflict minerals. In FY2023, Honda received responses from over 7,000 suppliers. In addition to reporting the survey results to the SEC, the Company also makes them publicly available on its website.

If the survey reveals any minerals of concern, regardless of the source country, Honda works together with its suppliers to take appropriate measures. The Company is also working to improve the accuracy of its survey and requests further investigation when survey responses are insufficient.

5 Governance

Corporate Governance 111

Compliance 124

Risk Management 127

Establishing an Effective Risk Management Structure

Honda formulated the Honda Global Risk Management Policy with Group subsidiaries included in its scope of application.

The Honda Global Risk Management Policy aims to drive the Company's sustainable growth and stabilize management based on the Honda Philosophy. The Policy targets all risks with the potential to impact operations on a global scale.

In implementing risk management activities, a company-wide Risk Management Officer, who is elected by the Board of Directors, plays a central role in creating a relevant framework and taking follow-up measures to ensure that the activities take root. Honda has established the Risk Management Committee to conduct deliberations on important matters related to risk management.

In addition, each organization in the Company has set up a risk management secretariat and established an independent risk management system in accordance with the basic policies of the regulations, thereby promoting risk management activities under its own responsibility.

As a key initiative, each organization undertakes risk assessment activities to identify, evaluate, and address risks using common methods.

Additionally, when a crisis occurs, the Company establishes a Global Emergency Headquarters proportionate to the anticipated magnitude of the crisis's impact to manage the crisis response.

Risk Management Committee

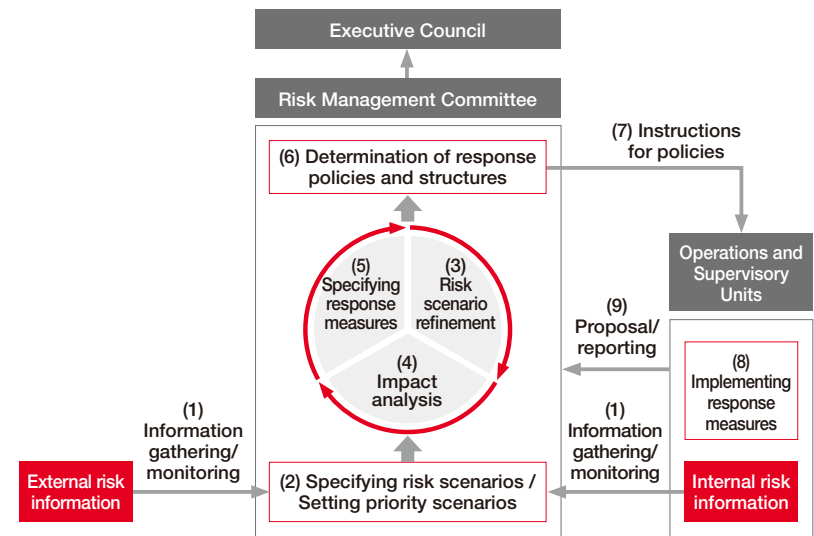
The business environment has undergone drastic changes in recent years in all business categories. Accordingly, the complexity and uncertainty of risks are rising, which requires effective risk management activities. Honda set up the Risk Management Committee chaired by a company-wide Risk Management Officer (RMO), to identify, discuss, and monitor important risks from a holistic perspective.

The Risk Management Committee not only identifies internal risks but also gathers and monitors information on external risk trends associated with changes in the external environment. The Committee uses internal and external information to ascertain specific risk scenarios and conduct impact analyses in relation to Honda's business strategies. Based on this objective risk analysis, management members engage in discussions to determine the response policies and structures for the company-wide risks that Honda should address that are consistent with its management strategies.

Of these, risks that are particularly important in terms of business strategy are designated as company-wide priority risks, and the status of response to these risks is regularly checked and discussed.

The discussions and monitoring activities of the Risk Management Committee are reported to the Executive Council in a timely and appropriate manner.

Risk Management Committee



5 Governance

Corporate Governance 111

Compliance 124

Risk Management 127

Risk Management Committee

In FY 2023, Honda also identified company-wide priority risks, which have been addressed mainly by the responsible departments. In the meantime, the status of progress have been confirmed and discussed by the Risk Management Committee.

Company-wide priority risks

| Company-wide priority risk items | Risk perspectives |
|--|---|
| Geopolitical risk | Stoppages or delays of business activities due to the strengthening of economic security policies and human rights laws and regulations, or the conflicts between nations or regional conflicts |
| Purchasing and procurement risk | Stoppages or delays of production activities due to difficulties in receiving parts supplies from suppliers or increases in the prices of raw materials and parts, etc. |
| Information security risk | Suspension of important operations/services due to cyberattacks and other incidents, leakage of confidential or personal information |
| Business Alliances and Joint Ventures Risk | Disagreements among partners regarding business, leakage of profit or technology, delays in decision-making |
| Environmental risk | Costs incurred in response to climate change regulations and fuel consumption and emissions regulations in various countries |
| Intellectual property risk | Infringement of Honda's intellectual property rights or payment of expensive compensation or licensing fees |
| Natural disaster risk | Stoppages or delays of business activities due to natural disasters (earthquakes, floods, etc.) or spread of infectious diseases |
| Financial and economic risk | Business impact from economic trends, economic fluctuations, or Currency fluctuations |
| Risk related to brand image | Business impact associated with damage to brand image |

Risk Assessment Activities

Honda globally carries out risk assessment activities.

The purpose of these activities is to foresee the potential risks to Honda's business and respond pre-emptively to minimize these risks.

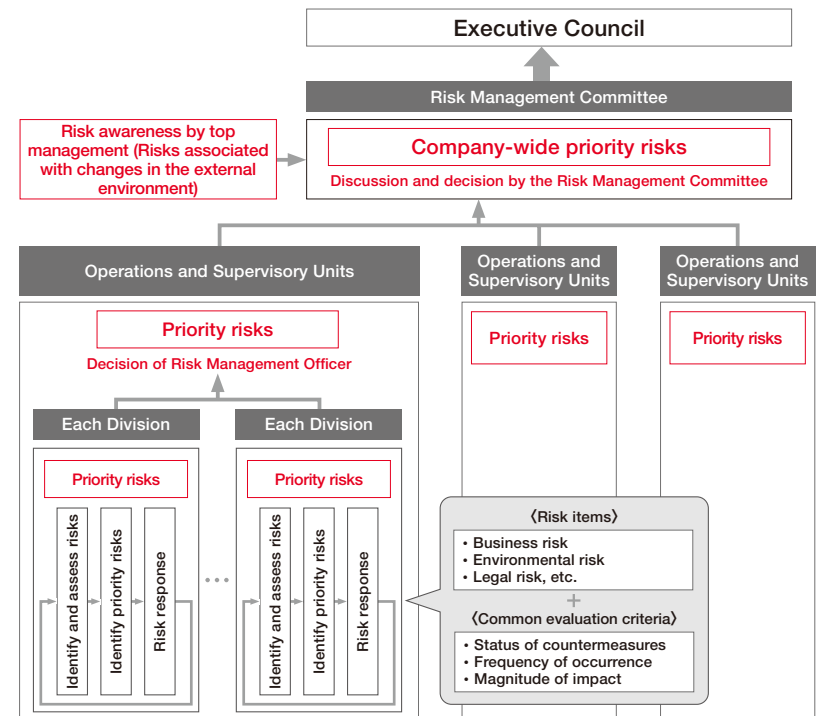
Each department performs an annual risk evaluation using the Group's common risk items and evaluation criteria to identify the divisional priority risks.

Each of the Operations and Supervisory Units carries out repeated discussions based on the results of the risk assessments of each department. They then identify and respond to priority risks of the Operations and Supervisory Units based on the judgment of Risk Management Officer of the Operations and Supervisory Units.

Additionally, the status of priority risks of the Operations and Supervisory Units based on the risk awareness of the Operations and Supervisory Units is reported to the Risk Management Committee. Internal and external risk trends are then considered in order to identify and respond to company-wide priority risks.

Through these efforts, Honda aims to firmly establish risk management activities within each Operations and Supervisory Unit, reduce the risk faced by the entire Group, and raise the risk awareness of every associate.

Risk Assessment Activity Structure



5 Governance

Corporate Governance 111

Compliance 124

Risk Management 127

Crisis Response

Honda carries out risk-sensing activities to monitor and report on signs of a crisis. While collecting a wide range of crisis information that may have an impact on Honda, the Company is also establishing an information coordination system in case a crisis becomes apparent.

When a crisis occurs, the Company establishes a Global Emergency Headquarters proportionate to the anticipated magnitude of the crisis's impact to manage the crisis response. In this way, Honda creates a structure to prevent the crisis from spreading and to quickly bring the situation under control.

Through its initiatives and experience, Honda's Global Emergency Headquarters is working to strengthen its functions to better cope with future events.

Honda regularly holds Emergency Headquarters drills to verify its crisis response capabilities. Honda has held drills to simulate responses to an earthquake directly under the Tokyo metropolitan area and the Nankai Trough earthquake. The Company has also reaffirmed (confirming cooperation between groups) how to respond to a crisis occurring at multiple bases, as well as basic actions in its crisis response.

Also, concerning disaster drills, besides ensuring the safety of human life and procedures to account for its associates, Honda continuously holds training on procedures from a business continuity planning (BCP) viewpoint to share information and identify the impact of a crisis on business at an earlier stage.

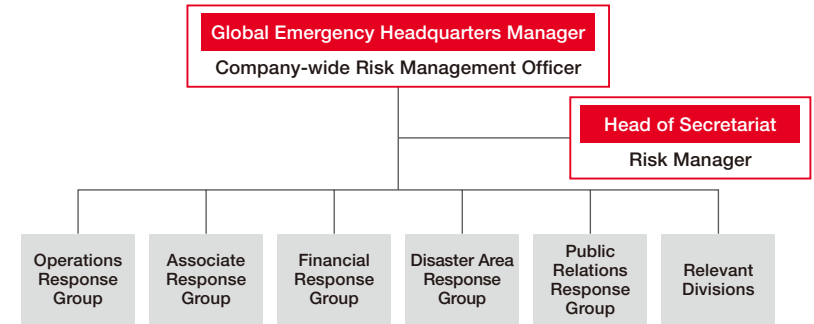
As a recent example of its crisis response, to counter COVID-19, Honda launched a Global Emergency Headquarters. The Company promotes company-wide, cross-sectional responses and strengthens functions by reflecting on these responses.

In terms of COVID-19 status, the resumption of socio-economic activities is accelerating and the normalization of production, development, purchasing, sales, and other business activities is also underway at Honda.

Going forward, Honda will continue to strengthen our business foundation in areas such as production, development, procurement, and sales. In the event of a resurgence of infections, we will prioritize the safety of stakeholders including our customers, business partners, and associates, and take measures to minimize the negative impact on our business and performance from a business continuity perspective.

Additionally, Honda is actively promoting company-wide, cross-sectional measures in collaboration with our suppliers to minimize the impact of the semiconductor supply issue.

Global Emergency Headquarters Structure



5 Governance

Corporate Governance 111

Compliance 124

Risk Management 127

Information Management

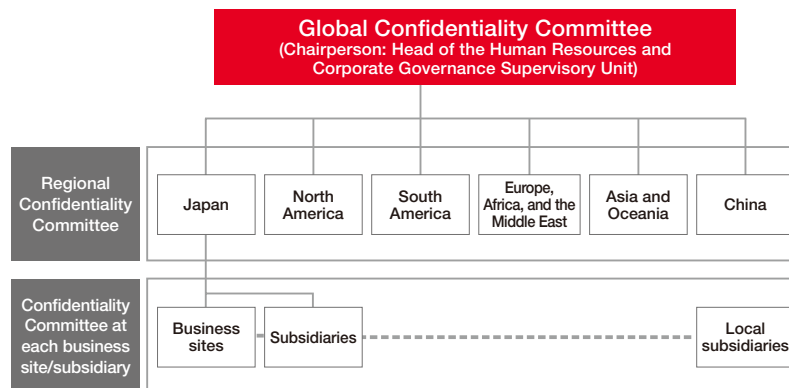
To protect information assets, including confidential information and personal information, Honda has formulated the Global Confidentiality Policy and the Global IT Security Policy, the scope of which extends to Group subsidiaries. These policies stipulate the adoption of a systematic response structure, the use of compliance items when handling confidential information and personal information, and the implementation of security standards for information systems and networks. They also specify the line of reporting in the event of an information leak.

As part of its efforts to effectively implement these policies, Honda has set up the Global Confidentiality Committee chaired by the Head of the Human Resources and Corporate Governance Supervisory Unit to ensure timely responses to changes in information flows and other issues.

The Global Confidentiality Committee determines globally common medium-term policies and an annual activity plan. Based on this plan, each Regional Confidentiality Committee takes the lead in promoting activities to safely handle information obtained through Honda's business activities, including personal information and confidential information.

Besides continuously strengthening its activities to ensure information security against cyberattacks, which are becoming increasingly sophisticated and complex, the Company performs daily monitoring while establishing systems capable of immediately responding to events that must be addressed.

Global Information Management Structure



Protection of Personal Information

Honda recognizes the importance of protecting personal information and regards prioritizing the protection of customer information as its social responsibility. To ensure the proper handling of customer information, Honda has formulated the Global Privacy Policy, which covers Group subsidiaries. The policy prescribes matters that must be universally complied with by subsidiaries worldwide, as well as an implementation structure, and is operated accordingly.

The Company has appointed information supervisors and information managers in departments handling personal information and provides training on the protection of personal information. Moreover, Honda reports the methods for managing the personal information it holds and the information management status of outsourced contractors to the Confidentiality Committee of each business site and company. To ensure the details of these reports are updated, the Company conducts a review of information security in all departments at least once a year. Additionally, Honda sets stricter security standards for information systems containing customer information while regularly confirming the implementation of security measures.

Honda has built a structure for collaboration between the Global Confidentiality Committee and each Regional Confidentiality Committee to respond to national personal information protection regulations, which are being established at an accelerating pace. The Company is steadily formulating comprehensive responses to regulations while closely monitoring trends.

Additionally, Honda utilizes data to help solve social issues and provide its customers with even better products and services. Honda has formulated the Risk Management Guidelines for Data Utilization to handle data properly, reduce related risks, and promote effective data utilization. It has also established the Board for Judging Data Utilization Risks with the Head of the Intellectual Property and Legal Supervisory Unit serving as the decision-making authority. Honda deliberates on the risk response status concerning data collection, data storage management, and data utilization and decides whether to implement relevant measures.

Honda is putting into place structures that will respond quickly to an information leak or request for the disclosure of personal information in accordance with the laws and regulations of the relevant country. In FY2023, there were no major losses or leaks of personal information or serious complaints about customer privacy.



5 Governance

Corporate Governance 111

Compliance 124

Risk Management 127

Information Management

Product Cybersecurity

Honda participates in the Automotive Information Sharing & Analysis Center (Auto-ISAC), which has begun operations in Japan and the United States, to share and analyze information related to automotive cybersecurity. The Auto-ISAC collects information on incidences detected within the industry.

Moreover, Honda obtains information independently, including information on relevant laws and specifications, as well as industry standards. By using this information in its response to security issues, Honda is proactively taking steps to promote the safety and security of its products.

Additionally, Honda reorganized the Cybersecurity Committee to further accelerate decision-making and execution across all related departments, including strengthening cooperation between management. Through the Committee's activities, the Company will continue to ensure the safety and security of the products it provides to customers.

6

Performance Data

6 Performance Data

> Environmental Data 133

Social Data 143

Governance Data 150

Environmental Data

Scope of Coverage

Organizations Covered

Honda Motor Co., Ltd. and its 397 group companies in and outside of Japan (comprising 327 consolidated subsidiaries and 70 affiliated companies accounted for by the equity method). The number of companies is as of the end of December 2022.

Period Covered

FY2023 (April 1, 2022 – March 31, 2023)

List of Targets

| Target Items | Targets for 2030 | Targets for 2050 |
|--|---------------------------|---|
| Reduction rate of total CO ₂ emissions from corporate activities (compared to FY2020) | 46% | |
| Motorcycles | 15% | |
| Sales ratio of electrified products | 30% | |
| Automobiles | 36% | CO ₂ emissions, net zero |
| Power products | 34.0% | |
| Reduction rate of CO ₂ emissions intensity of product use (compared to FY2020) | 27.2% | |
| Motorcycles | 28.2% | |
| Automobiles | 14.5% | Zero industrial water intake and industrial waste |
| Power products | 14.5% | |
| Reduction rate of total water intake in corporate activities (compared to BAU) | | |
| Reduction rate of total waste generation in corporate activities (compared to BAU) | | |
| Product resource circulation | (Set internal milestones) | 100% use of sustainable materials |



6 Performance Data

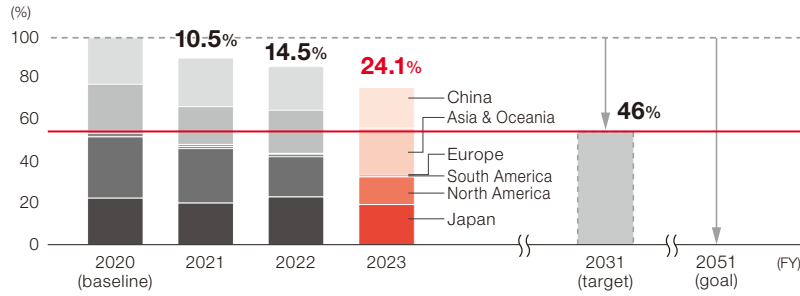
> Environmental Data 133

Social Data 143

Governance Data 150

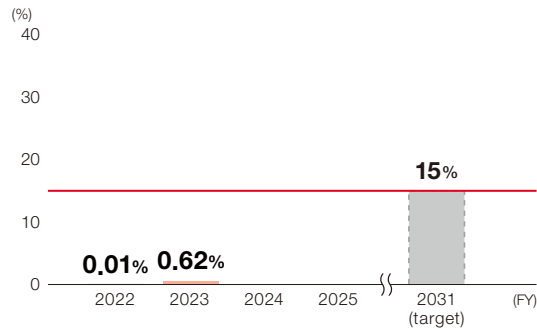
Environmental Data

Reduction rate of total CO₂ emissions from corporate activities (compared to FY2020)

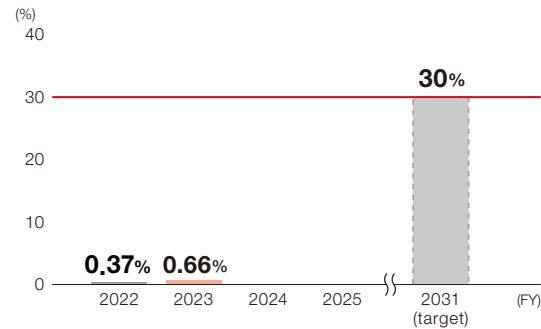


Sales ratio of electrified products

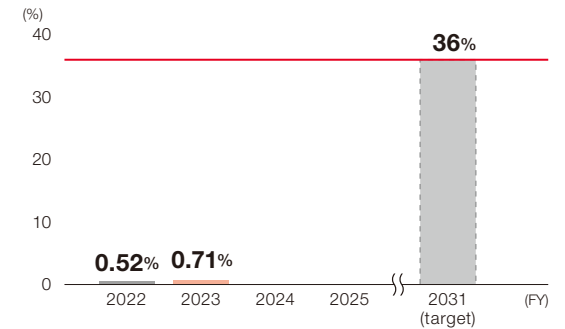
Motorcycles



Automobiles

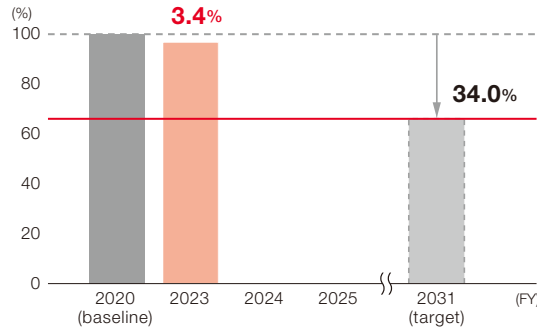


Power products

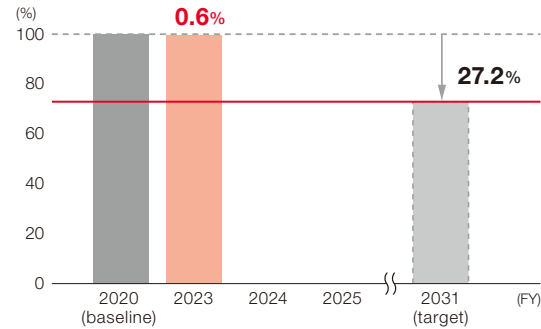


Reduction rate of CO₂ emissions intensity of product use (compared to FY2020)

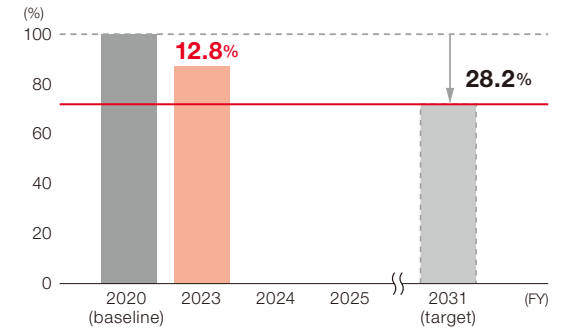
Motorcycles



Automobiles



Power products



6 Performance Data

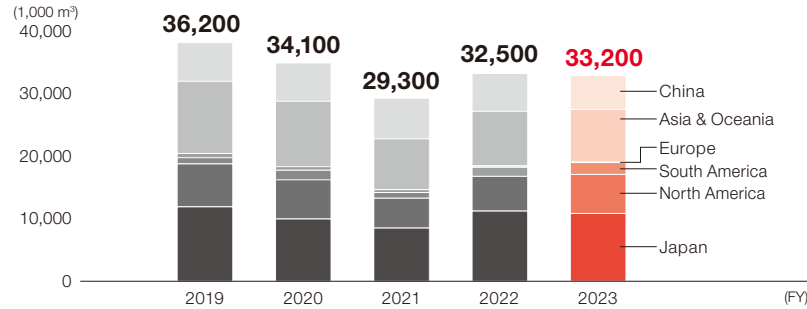
> Environmental Data 133

Social Data 143

Governance Data 150

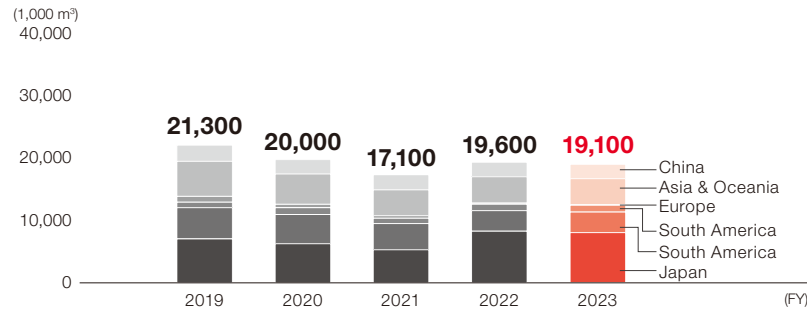
Environmental Data

Amount of water intake



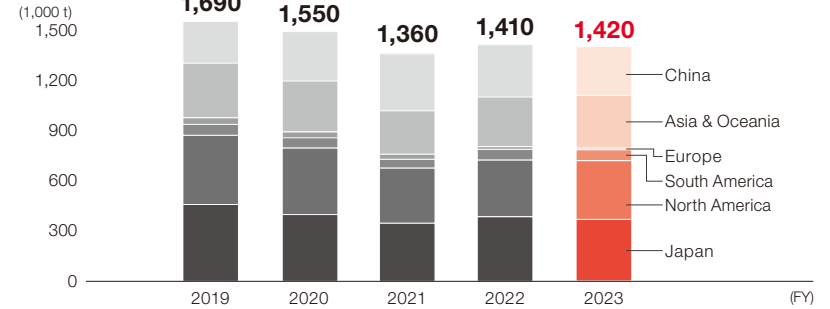
Calculation method: Amount of water intake = Σ (Purchased from the water facilities + Groundwater intake + Rainwater utilization amount + Surface such as rivers water intake)
 • Expressed in three significant digits

Wastewater volume



Calculation method: Volume amount = Σ (Wastewater processed by other companies + Discharge directly into public waters)
 • Figures include some estimated values.
 • Expressed in three significant digits

Waste generated



Calculation method: Emissions amount = Σ (Industrial waste + general administrative waste + valuable resources emission)
 • However, regions outside of Japan are beyond the scope of data for industrial waste (excluding harmful waste defined in accordance with regulations in respective countries) and general administrative waste.
 • Expressed in three significant digits



6 Performance Data

> Environmental Data 133

Social Data 143

Governance Data 150

Environmental Data

Honda GHG Emissions in FY2023

As a responsible company operating in the mobility industry, Honda believes in the importance of calculating and disclosing GHG emissions in order to drive progress in initiatives to reduce global emissions.

As the first milestone in this endeavor, in August 2012 Honda disclosed estimates of all FY2012 GHG emissions from its entire value chain in conformity with the GHG Protocol*1, currently the world's most widely used GHG emissions accounting standard. The Company became the world's first mobility company to release estimates of emissions not only from its own business activities (Scopes 1 and 2) but also from all upstream and downstream activities (Scope 3), extending from the procurement of raw materials to the transportation and customer use of Honda products and ending with the treatment of end-of-life products.

Honda continues to calculate and report the GHG emissions from its entire value chain and is making improvements to obtain more accurate emissions readings. The Company is doing this in Scope 3 (other indirect emissions), for example, by widening the boundaries of data collection for categories that account for the largest proportion of estimated emissions, and by improving the accuracy of the calculation methods.

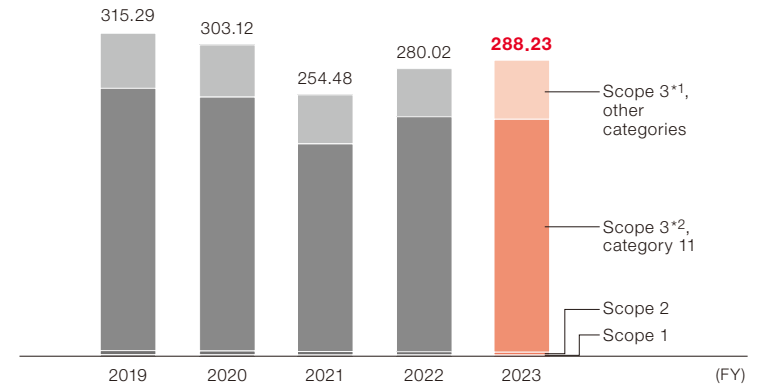
In due consideration of the actual results of FY2022, the scope of calculation has been extended from about 90% of global sales volume to approximately all in total. The conditions used in calculating figures such as annual mileage and lifetime years of use have been changed and are now based on the newer IEA Mobility Model (MoMo) instead of the conventional IEA SMP Model.

The calculations for FY2023 show that GHG emissions from Honda business activities were 3.82 million t- CO2e, and total emissions from the value chain, including other indirect emissions, were 288.23 million t- CO2e. Honda will continue to monitor and manage data and utilize this information in the actual implementation of emissions reduction measures.

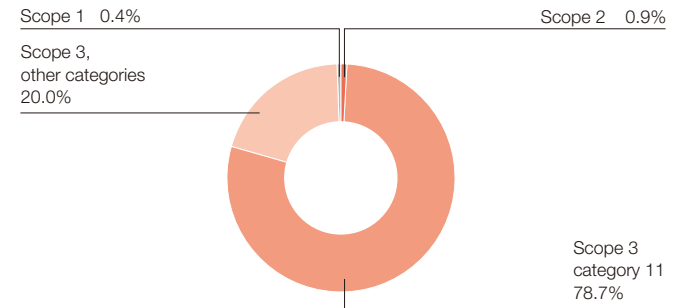
*1 The Greenhouse Gas Protocol: developed under the initiative of the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI)
*2 The calculation conditions for other categories (category 1) of Scope 3 have been partially changed.
*3 For category 11 of Scope 3, the data is calculated using the IEA SMP Model until FY2021, and using the IEA Mobility Model (MoMo) from FY2022. Some of the calculation conditions have been changed since FY2023.

Total GHG emissions

(million t-CO2e)



Breakdown of total FY2023 GHG emissions





6 Performance Data

> Environmental Data 133

Social Data 143

Governance Data 150

Environmental Data

Total GHG emissions

| | | FY2020 | FY2021 | FY2022 | (million t-CO ₂ e) FY2023 | | |
|---|--|-----------------------------|--------|--------|---|--------|---|
| GHG emissions from the entire Honda value chain | | 303.12 | 254.48 | 280.02 | 288.23 | | |
| Breakdown | Direct emissions from business activities | (Scope 1) | 1.24 | 1.12 | 1.16 | 1.09 | ✓ |
| | Indirect emissions from energy use | (Scope 2) | 3.79 | 3.38 | 3.14 | 2.73 | ✓ |
| | Emissions from Honda business activities | (Total of Scopes 1 and 2) | 5.03 | 4.50 | 4.30 | 3.82 | ✓ |
| | Emissions from customer use of sold products | (Scope 3, category 11) | 247.25 | 202.21 | 228.87 | 226.86 | ✓ |
| | Other emissions | (Scope 3, other categories) | 50.84 | 47.77 | 46.85 | 57.55 | |
| | Other indirect emissions | (Total of Scope 3) | 298.09 | 249.98 | 275.72 | 284.41 | |

- Scope 1: Direct GHG emissions from business activities, as defined by the GHG Protocol (e.g., Combustion of fuel oil at a manufacturing plant, emissions from work vehicles and company cars). In Japan, Honda uses the emission factor based on the Act on Promotion of Climate Change Countermeasures and in each region except Japan, emission factors from the 2006 IPCC Guidelines for National GHG Inventories. Figures for climate change potential coefficient are derived from the IPCC's Fourth Assessment Report (2007).
- Scope 2: Indirect GHG emissions from a company's use of energy, as defined by the GHG Protocol (e.g., electrical energy used by a manufacturing plant or office). Honda adopts to the GHG Protocol's standard market-based method. In Japan, Honda uses adjusted emission factors by electric utility based on the Act on Promotion of Global Warming Countermeasures. In each region except Japan, Honda uses electricity utilities emission factors and latest regional emission factors, and if unavailable, national emission factors from the IEA's Emissions from Fuel Combustion.
- Scope 3: Other indirect GHG emissions not included in Scope 1 and Scope 2, as defined by the GHG Protocol. Scope 3 is systematically broken down into 15 categories (e.g., category 11 includes emissions arising from the use of sold products; category 12 includes emissions arising from the end-of-life treatment of sold products).
- The "Scope 3, category 11" figures presented in this report represent the cumulative amount of GHGs that will have been emitted by products sold by Honda in the applicable fiscal year (automobiles, motorcycles, power products and aircraft) as a result of their use by customers from the time they received those products until they dispose of them in the future. Calculations cover the emission of all motorcycles, automobiles, power products and aircraft sold worldwide under the Honda brand name. These emissions are calculated using the following formula for each model and adding the results: CO₂ emissions intensity x Annual distance traveled or Annual usage in hours x Product lifetime in years x Annual unit sales.
 - CO₂ emissions intensity: Average annual mileage of each model set at same value per region or Annual consumption of each model and Average annual used time distinguish general business from business use
 - Annual mileage / Lifetime years of use: Referring to IEA estimation model, "MoMo," etc.
 - CO₂ emission factor: Referring to the GHG calculation guidelines that public authorities in each region issued. If there are no appropriate guidelines, reference from the ones of Japanese.
- The "Scope 3, other categories" figures presented in this report are the sum of emissions from categories 1, 2, 3, 4, 5, 6, 7, 9, 10, 12 and 15. As per the GHG Protocol, Honda excludes categories 8, 13 and 14 from its calculations, as these categories are either not part of Honda business activities or emissions from these categories are accounted for in other categories.

✓ Data indicated with received the independent practitioner's assurance.

6 Performance Data

> Environmental Data 133

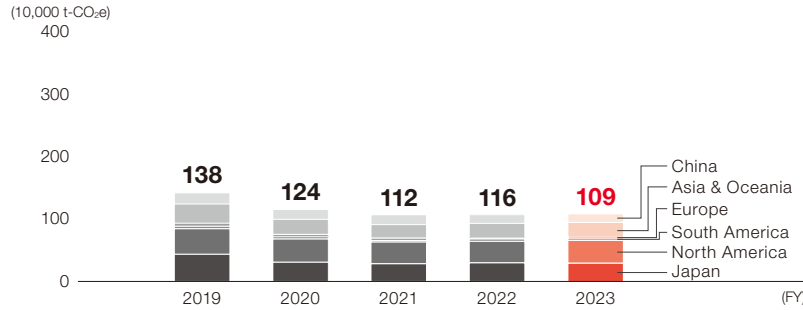
Social Data 143

Governance Data 150

Environmental Data

GHG emissions

Direct emissions (Scope 1)



Calculation method: Emissions amount = [Volume of fuel usage x CO₂ emission factor] + CO₂ emissions from non-energy sources + [Volume of non-CO₂ GHG emissions x Global warming factors]

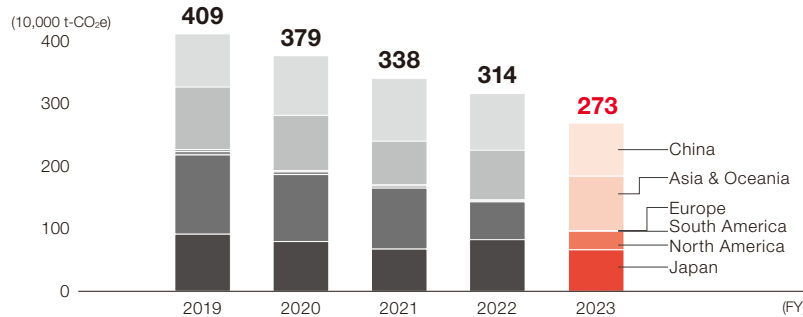
Emission factors

Japan: Emission factors based on the Act on Promotion of Global Warming Countermeasures

Regions outside of Japan: Emission factors from 2006 IPCC Guidelines for National GHG Inventories Figures for global warming potential coefficient : The IPCC's Fourth Assessment Report (2007)

- Figures of GHG emissions from non-energy source include some estimated values.
- Calculations are mainly based on emissions from stationary combustion sources.
- Expressed in three significant digits

Indirect emissions (Scope 2)



Calculation method: Emissions amount = Σ (Purchased electricity consumption, etc.*1 x emission factor)

Honda adopts to the GHG Protocol's standard market-based method.

Emission factor:

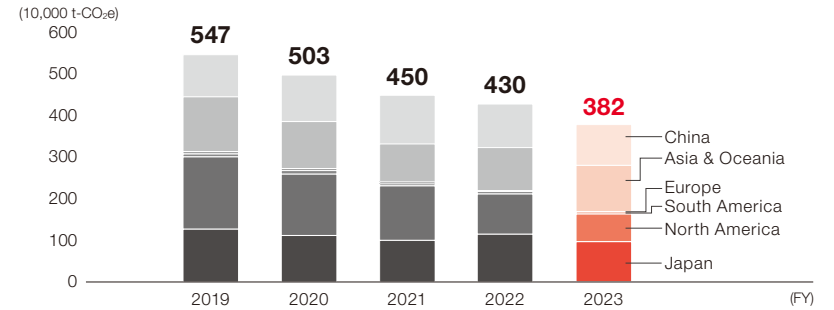
Japan: Electricity utilities emission factors based on the Act on Promotion of Global Warming Countermeasures

Regions outside of Japan: Adjusted emission factors by electric utility and latest regional emission factors, if unavailable, national emission factors from the IEA's Emissions from Fuel Combustion.

*1 Other includes steam and hot water, the emission factors are based on the Act on Promotion of Global Warming Countermeasures.

- Expressed in three significant digits

Total GHG emissions (Scopes 1 and 2)



Calculation method: Total GHG emissions (Scope 1 and 2) = Direct GHG emissions + Indirect GHG emissions
 • Expressed in three significant digits

6 Performance Data

> Environmental Data 133

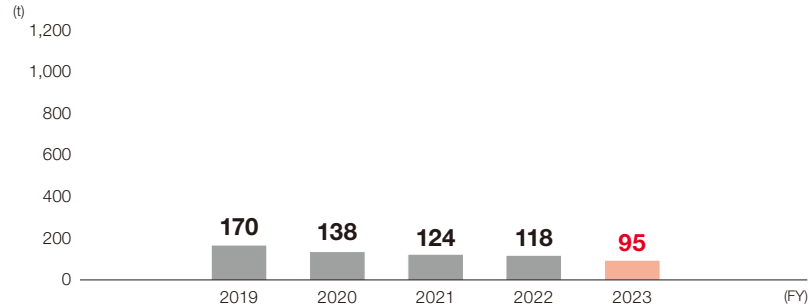
Social Data 143

Governance Data 150

Environmental Data

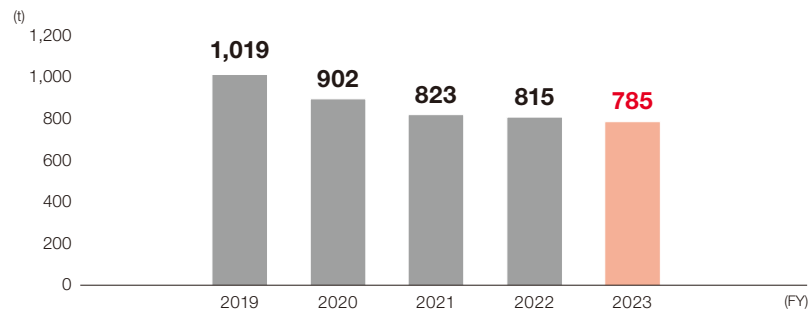
Atmospheric pollutants

SOx emissions



Calculation method: Emissions amount = Σ (Fuel consumption x Density x Sulfur content x 64/32)
 • Calculations are based on fuel consumption.
 Density: Derived from the translation coefficient list in Statistics Information by Petroleum Association of Japan
 Sulfur content: Derived from Act on the Quality Control of Gasoline and Other Fuels or the standard of LP gas (JIS K 2240)

NOx emissions



Calculation method: Emissions amount = Σ (Fuel consumption x Emission factor for each fuel)
 • Calculations are based on fuel consumption.
 Emission factor for each fuel: Derived from NOx emissions calculation table (combustion facilities that do not measure the amount of exhaust gas, etc.) on Environmental Activity Evaluation Program (Ministry of the Environment).

6 Performance Data

> Environmental Data 133

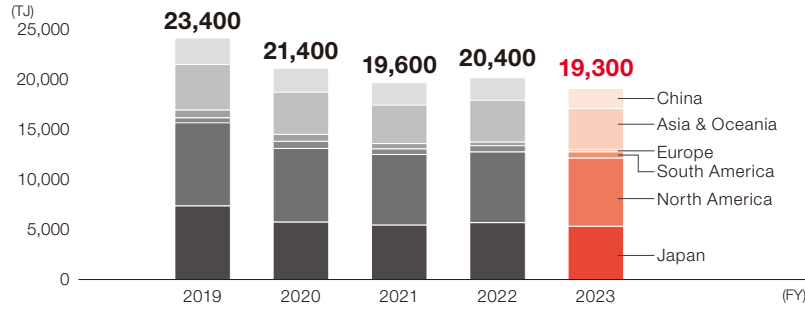
Social Data 143

Governance Data 150

Environmental Data

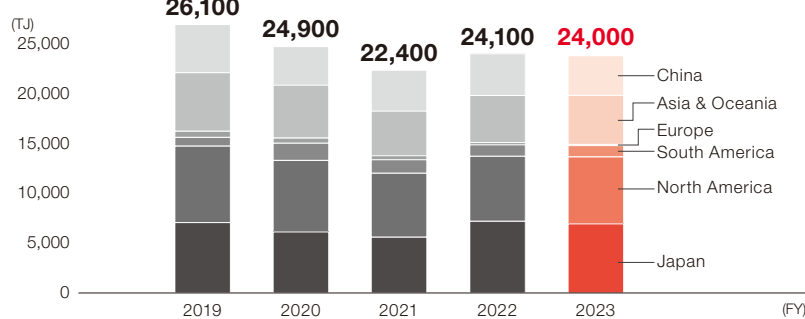
Energy consumption

Direct energy consumption



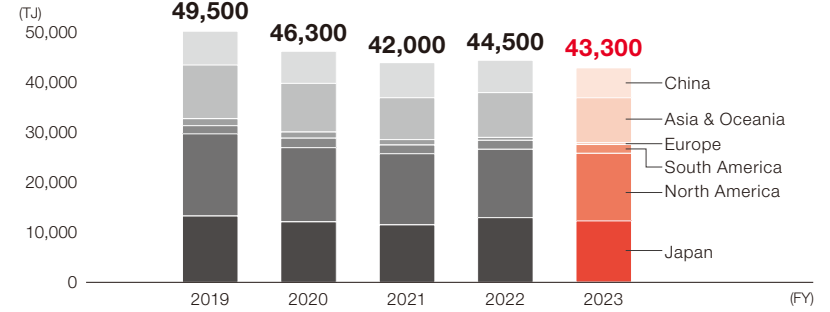
Calculation method: Consumption amount = Σ (Fuel consumption x unit calorific value)
 Unit calorific value:
 Japan: Unit calorific value from Reporting and Disclosure System based on the Act on Promotion of Global Warming Countermeasures
 Regions outside of Japan: Derived from 2006 IPCC Guidelines for National GHG Inventories
 • Calculations are mainly based on energy consumed by stationary exhaust sources.
 • A terajoule (TJ) is a unit of energy, "tera" meaning 10¹².
 • Expressed in three significant digits

Indirect energy consumption



Calculation method: Consumption amount = Σ (Purchased electricity consumption etc.*1 x unit calorific value)
 Purchased electricity has been converted to joules using the international standard 3.6 GJ/MWh.
 *1 Other
 Unit calorific value:
 Japan: Unit calorific value from Reporting and Disclosure System based on the Act on Promotion of Global Warming Countermeasures
 Regions outside of Japan: 2006 IPCC Guidelines for National GHG Inventories
 • Expressed in three significant digits

Total energy consumption



Calculation method: Total energy consumption = Direct energy consumption + Indirect energy consumption
 • Expressed in three significant digits



6 Performance Data

> Environmental Data 133

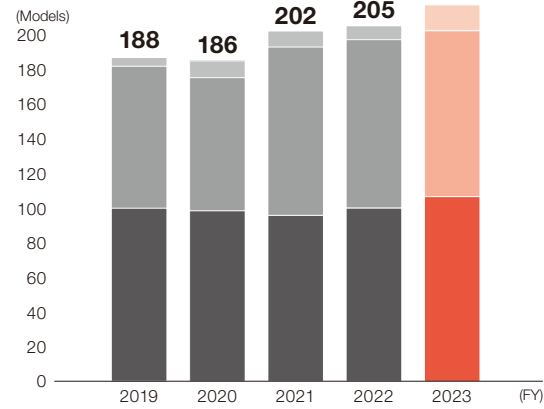
Social Data 143

Governance Data 150

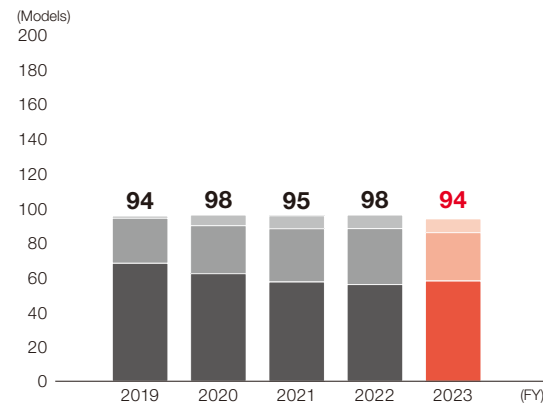
Environmental Data

Global Number of HEPS-compliant models

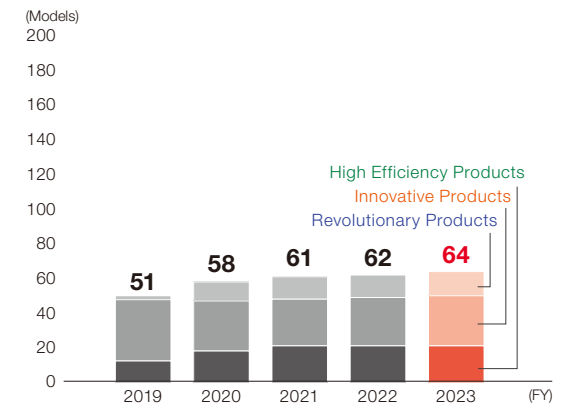
Motorcycles



Automobiles



Power Products



* Corrected retroactively due to recounting



6 Performance Data

> Environmental Data 133

Social Data 143

Governance Data 150

Environmental Data

Cost of environmental conservation activities and investments

FY2023 (millions of yen)

| Category | | Major activities and investments | Investments | Expenditures |
|------------------------------------|---|---|-------------|--------------|
| Business area costs | Pollution prevention costs | ■ Air, water, and soil pollution prevention | 83 | 204 |
| | Global environmental conservation costs | ■ Global warming mitigation, ozone depletion prevention and other conservation activities | 1,183 | 411 |
| | Recycling costs | ■ Waste processing, treatment, reduction, elimination and recycling | 72 | 524 |
| Upstream/downstream costs | | ■ Collection, recycling, resale and proper disposal of products manufactured and sold ■ Industry organization and other membership fees | 0 | 684 |
| Management costs | | ■ Installation, operation and acquisition of certification for environmental management systems ■ Environmental impact monitoring and measurement ■ Management and training of associates and organizations responsible for environmental conservation (expenses for environment-related communications activities) | 18 | 2,033 |
| Research and development costs | | ■ Research, development, planning and design for impact reductions across product life cycles (R&D costs for advanced eco-cars, including EVs and PHVs) | 15,828 | 271,200 |
| Social contribution activity costs | | ■ Environmental improvement measures, including ecosystem protection, cleanups, green space development and natural landscape conservation ■ Local conservation and communication activities (beach cleanups and watershed conservation activities) | 0 | 168 |
| Environmental damage costs | | ■ Remediation of polluted soil | 0 | 1 |
| Total | | | 17,185 | 275,225 |

- Companies covered: Honda Motor Co., Ltd., Honda R&D Co., Ltd. and Honda Access Corporation
- Some figures are estimated values.
- Guidelines, guidebooks and other environmental accounting publications by Japan's Ministry of the Environment were used as references.
- Figures were calculated on a cash-flow basis with depreciation and amortization expenses excluded.

Economic benefits (Effect on revenue and expenses)

FY2023 (millions of yen)

| | | |
|--|--------------------------|-------|
| Income from sale of valuable waste materials | | 8,687 |
| Cost reductions from saved energy | Installed technologies | 90 |
| | Behavioral changes, etc. | 80 |
| Total | | 8,857 |

- Companies covered: Honda Motor Co., Ltd., Honda R&D Co., Ltd. and Honda Access Corporation
- Some figures are estimated values.
- Guidelines, guidebooks and other environmental accounting publications by Japan's Ministry of the Environment were used as references.



6 Performance Data

Environmental Data 133

> Social Data 143

Governance Data 150

Social Data

Human Resources Data

Consolidated number of associates

| | FY2021 | FY2022 | FY2023 |
|-------------------------------|---------|---------|---------|
| Japan | 67,496 | 65,673 | 62,846 |
| North America | 49,358 | 50,645 | 51,456 |
| South America | 14,877 | 13,996 | 14,176 |
| Europe/Africa/ Middle East | 8,378 | 3,851 | 3,720 |
| Asia & Oceania | 53,913 | 52,698 | 50,458 |
| China | 17,352 | 17,172 | 14,383 |
| Total | 211,374 | 204,035 | 197,039 |

Number of associates by gender

| | FY2021 | FY2022 | FY2023 |
|--------|--------|--------|--------|
| Japan | 47,114 | 44,525 | 43,208 |
| Male | 42,931 | 40,290 | 38,961 |
| Female | 4,183 | 4,235 | 4,247 |

· With the exception of the item "Consolidated number of associates," HR data for Japan is tabulated from numbers for the following companies: Honda Motor Co., Ltd., Honda R&D Co., Ltd., Honda Racing Corporation, Honda Technical College and Honda Access Corporation.

Number of new permanent associates

| | FY2021 | FY2022 | FY2023 |
|-----------------------------------|--------|--------|--------|
| Japan | 1,302 | 1,155 | 1,120 |
| Male | 1,065 | 949 | 942 |
| Female | 237 | 206 | 178 |
| North America | 3,901 | 8,468 | 9,958 |
| Male | 2,688 | 5,696 | 6,845 |
| Female | 1,213 | 2,772 | 3,113 |
| South America | 325 | 737 | 1,267 |
| Male | 263 | 605 | 1,030 |
| Female | 62 | 132 | 237 |
| Europe/ Africa/ Middle East | 158 | 149 | 225 |
| Male | 127 | 112 | 155 |
| Female | 31 | 37 | 70 |
| Asia & Oceania | 918 | 1,839 | 2,867 |
| Male | 629 | 1,437 | 2,115 |
| Female | 289 | 402 | 752 |
| China | 2,228 | 1,292 | 1,079 |
| Male | 1,894 | 1,037 | 865 |
| Female | 334 | 255 | 214 |

Number of associates by employment contract and type

| | FY2021 | FY2022 | FY2023 |
|--------------|--------|--------|--------|
| By contract | | | |
| Permanent | 43,472 | 41,892 | 40,625 |
| Nonpermanent | 3,599 | 2,574 | 2,583 |
| By type | | | |
| Full-time | 47,028 | 44,407 | 43,165 |
| Part-time | 43 | 59 | 43 |

Attrition rate (%) (including compulsory retirees)

| | FY2021 | FY2022 | FY2023 |
|-------------------------------|--------|--------|--------|
| Japan | 2.3 | 6.5 | 5.8 |
| Male | 2.3 | 6.8 | 6.0 |
| Female | 2.3 | 4.0 | 4.8 |
| North America | 15.9 | 15.5 | 17.2 |
| South America | 5.0 | 13.3 | 9.2 |
| Europe/Africa/ Middle East | 6.9 | 105.9 | 5.3 |
| Asia & Oceania | 4.8 | 4.5 | 5.2 |
| China | 5.4 | 4.5 | 3.5 |

Percentage of associates from local communities taking upper management positions

| | Percentage of associates from local communities among members of the Regional Operating Boards |
|-------------------------------|--|
| North America | 66 |
| South America | 16 |
| Europe/Africa/ Middle East | 0 |
| Asia & Oceania | 0 |
| China | 0 |

Annual training hours and cost per associate

| | Annual training time (hours) | Annual training cost (yen) |
|-------------------------------|------------------------------|----------------------------|
| Japan | 18.00 | 40,004 |
| North America | 6.50 | 13,134 |
| South America | 13.78 | 26,065 |
| Europe/Africa/ Middle East | 14.54 | 29,897 |
| Asia & Oceania | 9.81 | 10,086 |
| China | 34.06 | 14,955 |

6 Performance Data

Environmental Data 133

> Social Data 143

Governance Data 150

Social Data

Ratio of women in management positions in the Honda workplace in Japan

| | FY2015 (base year) | FY2021 | FY2022 | FY2023 |
|------------------------------|--------------------|--------|--------|--------|
| Compared with FY2015 (times) | 1.00 | 2.60 | 2.97 | 3.06 |

Percentage of women in the Honda workplace: FY2023

| | Ratio of women in the entire workforce | Ratio of women in management positions |
|---------------------------|--|--|
| Japan | 8.9 | 2.0 |
| North America | 27.0 | 18.1 |
| South America | 13.4 | 14.8 |
| Europe/Africa/Middle East | 26.1 | 16.4 |
| Asia & Oceania | 15.3 | 16.0 |
| China | 11.9 | 21.6 |
| Total | 15.9 | 9.7 |

Base salary and ratio of total compensation for males and females in Japan

| | Base salary (Female : Male) | Total compensation (Female : Male) |
|----------------------|-----------------------------|------------------------------------|
| Management positions | 1 : 1.03 | 1 : 1.05 |
| General associates | 1 : 1.19 | 1 : 1.27 |

The same pay scale is applied to male and female associates. Gaps are due to differences in factors such as age distribution and the ratio of males and females in pay grades.

Number of persons over 60 employed by Honda in Japan

| | FY2021 | FY2022 | FY2023 |
|-------------------|--------|--------|--------|
| Number of persons | 4,621 | 3,997 | 4,280 |

Number of associates with disabilities and percentage of employment of individuals with disabilities in Japan

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---------------------------|--------|--------|--------|--------|--------|
| Number of associates* | 1,055 | 1,096 | 1,142 | 1,147 | 1,005 |
| Percentage of employment* | 2.32 | 2.30 | 2.38 | 2.45 | 2.35 |

* Laws governing the employment of people with disabilities stipulate that employment of one individual with a serious disability is equivalent to employing two less severely disabled individuals for purposes of calculating the number of associates with disabilities and percentage of employment. Data depicted in the table are current as of June 1 of each year.

Number of global hires

| | FY2021 | FY2022 | FY2023 |
|------------------------|--------|--------|--------|
| Number of people hired | 41 | 34 | 50 |

* Starting in FY2021, the number of full-time foreign workers hired within each fiscal year is calculated.

Number of associates who utilize child/nursing care support in Japan

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | |
|---|--------|--------|--------|--------|--------|-------|
| Short working hours to facilitate child care | | 319 | 311 | 299 | 301 | 317 |
| | Male | 22 | 19 | 19 | 16 | 19 |
| | Female | 297 | 292 | 280 | 285 | 298 |
| Administrative leave to facilitate child care | | 459 | 506 | 531 | 674 | 845 |
| | Male | 80 | 124 | 170 | 297 | 495 |
| | Female | 379 | 382 | 361 | 377 | 350 |
| Nursing care leave for children | | 1,662 | 1,812 | 1,347 | 1,447 | 1,999 |
| | Male | 1,212 | 1,336 | 945 | 998 | 1,470 |
| | Female | 450 | 476 | 402 | 449 | 529 |
| Remote work during child raising | | 445 | 869 | 918 | 749 | 1,423 |
| | Male | 192 | 518 | 545 | 377 | 999 |
| | Female | 253 | 351 | 373 | 372 | 424 |
| Childcare cost subsidy | | 180 | 210 | 157 | 106 | 150 |
| | Male | 6 | 15 | 7 | 11 | 24 |
| | Female | 174 | 195 | 150 | 95 | 126 |
| Short working hours to facilitate nursing care | | 6 | 8 | 6 | 5 | 8 |
| | Male | 2 | 4 | 1 | 3 | 4 |
| | Female | 4 | 4 | 5 | 2 | 4 |
| Administrative leave to facilitate nursing care | | 25 | 26 | 23 | 16 | 9 |
| | Male | 19 | 18 | 18 | 11 | 6 |
| | Female | 6 | 8 | 5 | 5 | 3 |
| Nursing care leave | | 40 | 376 | 512 | 582 | 707 |
| | Male | 30 | 316 | 424 | 479 | 582 |
| | Female | 10 | 60 | 88 | 103 | 125 |
| Remote work during nursing care | | 47 | 115 | 146 | 123 | 209 |
| | Male | 27 | 81 | 106 | 93 | 167 |
| | Female | 20 | 34 | 40 | 30 | 42 |

Reinstatement rate (%) in Japan after taking child care leave

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | |
|--------------------|--------|--------|--------|--------|--------|-------|
| Reinstatement rate | | 98.4 | 99.2 | 99.3 | 99.8 | 100.0 |
| | Male | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | Female | 97.8 | 98.7 | 98.9 | 99.7 | 100.0 |

Percentage of men taking child care leave in Japan (%)

| | FY2023 |
|---------------------------------------|--------|
| Percentage of taking child care leave | 88.1 |



6 Performance Data

Environmental Data 133

> Social Data 143

Governance Data 150

Social Data

Major Initiatives for Expanding Women's Participation (from 2015)

| Pillars of initiatives | Objective | Target | Description |
|--|--|--|---|
| Build awareness and foster an appropriate work climate | Cultivate awareness | Management level associates | Members of company management Lecture for increasing women's participation (about 30 participants) |
| | | Female associates | General, office and plant managers Lecture for increasing women's participation (total of 8 times; about 230 participants) |
| | | | Associates in management positions Lectures and seminars (total of 39 times from 2015 to 2018; 3,600 participants) |
| | Form a network | Female associates | Associates in management positions Chief supervisors Shine at Work – Seminar to Raise Awareness for Self-Reliant Human Resources (total of 31 times from 2015 to 2017; 2,300 participants) |
| | Foster an appropriate work climate and build work style awareness | Management level associates | Members of company management Diversity Forum 2016 (total participation of about 30 associates) |
| | | | General, office and plant managers Diversity Forum 2017 (total participation of about 500 associates) |
| Internal and external communication | General customers and interest groups, all employees | Work climate and work style lecture (total of 19 times; about 800 participants) Management support workshop (total of 7 times; about 100 participants) | |
| Support career building | Nurture associates with a focus on the individual | Female associates | Applicants Introduction of career development plans. Individual interviews with career advisors with a total of about 4,170 female associates over the seven years since 2015 |
| | | | Middle- and higher-level associates Career theme training |
| | | | Young associates Career base training |
| Support associates in child-rearing years | Associates taking maternity leave and/or child care leave | Program to support career development during child care leave (used by about 240 associates) Seminar on work-life balance during child-rearing years (conducted accompanied by spouses, 52 times in total over six years since 2017, with approximately 1,450 participants) | |
| Create an appropriate environment and systems | Create an environment to facilitate participation of diverse human resources | Associates engaging in child care or nursing care | Enhancement of the child care leave system (since April 2006) * Available until the end of April immediately following the child's third birthday (Legal requirement: Until the child turns one year old) Establishment of the remote work system for associates engaged in child care/nursing care (since October 2016) (paid maternity & paternity leave) Enhancement of the system of short working hours (since October 2016) * Available until the fourth grade and for a family member in need of nursing care (Legal requirement: Until the child turns three years old) Company nurseries (opened in the Tochigi district in April 2017 and in the Wako district in April 2018) Enhancement of children's nursing care leave (since September 2017) * A system of paid leave available until the fourth grade (Legal requirement: Until the child enters elementary school; no specification as to whether it should be a paid or unpaid leave) Enhancement of a system of caregiver leave (April 2019 onward) * Salary paid (Legal: No stipulation of paid or unpaid) Introduction of postpartum partner leave (April 2022 onward) Enhancement of the child care leave system (October 2022 onward) Divided acquisition of childcare leave in accordance with the revision of the Act on Childcare and Family Caregiving Leave |
| | | Associates undergoing disease or fertility treatment | Introduction of a system of working at home for disease or fertility treatment (since April 2020) Introduction of a system of short-term leave for disease or fertility treatment (since April 2020) Introduction of a system of long-term leave for fertility treatment (since April 2020) |
| | | Associates leaving their job following a transfer of their spouses | Operation of a system of transfer for associates to accompany their spouses being transferred (since April 2018) Introduction of a system of leave for associates to accompany their spouses being transferred (since April 2018) Revision of the career reinstatement registration program (since April 2018) |
| | | All employees | Introduction of a healthcare support plan for health support (October 2022 onward) |
| Strengthen the employment of women | Increase the percentage of women | New graduates | Increasing recruitment of women majoring in science and engineering |

6 Performance Data

Environmental Data 133

> Social Data 143

Governance Data 150

Social Data

Total working hours per associate and average paid vacation days taken in Japan

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|-----------------------------------|--------|--------|--------|--------|--------|
| Total working hours per associate | 1,909 | 1,997 | 1,953 | 1,955 | 1,963 |
| Average paid vacation days taken | 19.3 | 18.8 | 17.2 | 19.5 | 20.1 |

Percentage of associates going through the evaluation programs

| Region | Percentage of associates to be targeted for the evaluation programs |
|---------------------------|---|
| North America | 99.8 |
| South America | 97.2 |
| Europe/Africa/Middle East | 100.0 |
| Asia & Oceania | 97.9 |
| China | 98.9 |

Percentage of performance-based remuneration in Japan

| Level | Proportion of performance-based remuneration in entire compensation |
|---------------------------------------|---|
| Director, Operating Officer positions | 50* |
| Management positions | 37 |

* A certain level of stock options is included in remuneration for Director and Operating Officer positions.

Starting salary in Japan

| | Monthly salary (yen) | Compared to minimum wage (%) |
|--------------------------------------|----------------------|------------------------------|
| High school | 182,900 | 108 |
| Technical college and junior college | 204,300 | 121 |
| Undergraduate | 228,000 | 135 |
| Graduate school (Master's degree) | 254,900 | 151 |

· Minimum wage is calculated using 20.3 eight hour days as one month based on the minimum wage for the Tokyo metropolitan area (1,041 yen/hour). This is a graded salary system and there is no difference in salary for males and females with the same qualification level.

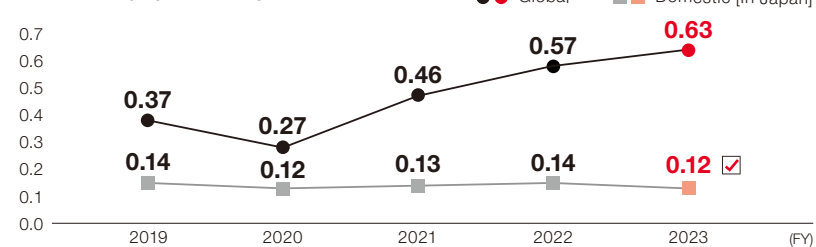
Associate engagement in Japan (Total of 24 questions in six categories; average on a scale of 1 to 5)

Target: 3.50 points or more (Status of "very good" engagement levels* working at Honda)

| | FY2022 | FY2023 |
|--|--------|--------|
| All associates | 3.48 | 3.48 |
| Percentage of respondents for all associates | 94.5% | 93.0% |

* Honda assesses the status of "very good" engagement levels in six categories: an open-minded workplace; rewarding tasks; an environment that makes hard work worthwhile; being proud to work at Honda; trustworthy management; and a pleasant work environment.

Lost time injury frequency rate (LTIFR) *1, 2, 3, 4



The changes in the number of work accident fatality (Case)*4

| | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|----------|--------|--------|--------|--------|--------|
| Overseas | 1 | 0 | 0 | 1 | 0 |
| Japan | 0 | 0 | 0 | 0 | 0 |

*1 Global (Lost time injury frequency rate (LTIFR)): The number of lost time injuries per one million work hours at Honda's 5 production bases in Japan and 59 overseas production bases.

*2 In Japan (Lost time injury frequency rate (LTIFR)): The number of lost time injuries per one million work hours at companies to which Honda's labor agreement applies.

*3 Including Accident similar to a lifestyle (trips, falls and tread through)

*4 Scope of target for lost time injury frequency rate and the number of work accident fatality in Japan:

- Honda Motor Co., Ltd.
- Honda R&D Co., Ltd.
- Honda Racing Corporation
- Honda Technical College
- Honda Access Corporation

Data indicated with received the independent practitioner's assurance.



6 Performance Data

Environmental Data 133

> Social Data 143

Governance Data 150

Social Data

Honda Human Rights Policy

Since our founding in 1948, Honda has continuously worked to provide value to help people and create a better society through our technologies, ideas and designs. The starting point of such efforts is our desire to “help people and society” and “expand the potential of people’s lives.” The underlying basis of these efforts is the concept of “Respect for the Individual,” which constitutes Honda’s Fundamental Beliefs.

Honda believes that human beings are born as free and unique individuals with the capacity to think, reason and create — and the ability to dream. Our wish is to nurture and promote these characteristics in Honda by respecting individual differences, trusting each other as equal partners, exercising abilities to the fullest and sharing joy. From this standpoint, we adopt Respect for the Individual, consisting of the three elements of initiative, equality and trust, as one of our Fundamental Beliefs. We believe this spirit should permeate all our relationships with everyone.

Based on the concept of Respect for the Individual, Honda has formulated the Honda Human Rights Policy (“the Policy”) to fulfill our responsibility to respect the human rights of stakeholders who may be affected by our business activities.

By putting the Policy into practice, we will cooperate with our stakeholders to undertake business activities in a sustainable manner in order to continue to be “a company society wants to exist.”

1. Commitment to the “respect for human rights”

Honda recognizes that our business activities may impact the human rights of internal and external stakeholders.

We are committed to respecting human rights that are set out in the International Bill of Human Rights and the ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work. In addition, we endorse the United Nations Guiding Principles on Business and Human Rights and endeavor to practice these principles in business activities.

We also comply with applicable laws and regulations of each of the countries and regions in which our business activities are conducted. If requirements of the local laws and regulations are in conflict with internationally recognized human rights, we will seek ways to honor the internationally recognized human rights to the greatest extent possible.

2. Scope of responsibility

The Policy applies to all executives and associates of the Honda Group (Honda Motor Co., Ltd. and its subsidiaries). In addition, we expect all of our business partners to understand the Policy.

3. Governance

Honda positions respect for human rights as one of our key management issues, and we will also establish an adequate internal structure to reflect the Policy in necessary business policies and procedures while clearly specifying the Director responsible for the formulation and execution of the Policy.

4. Human rights due diligence

Honda will establish and continuously implement a system of human rights due diligence, which will identify adverse impacts on human rights and prevent or mitigate such impacts.

5. Remedy

We commit to take appropriate measures to remediate any adverse impact on human rights which Honda clearly caused or contributed to. In addition, we will work to establish a practical grievance mechanism to enable appropriate remedies.

6. Engagement with stakeholders

In enhancing and improving its efforts to respect human rights, Honda will leverage external knowledge and engage with relevant stakeholders.

7. Education

Honda will undertake appropriate education and awareness-raising activities to facilitate an understanding of the Policy and put it into practice.

8. Information disclosure

Honda will make disclosure of its efforts to respect human rights through our corporate website and other means on a regular basis.

* The Policy has been approved by the Executive Council and Board of Directors of Honda Motor Co., Ltd.

Established: June 1, 2022
Revised: June 1, 2023

Honda Motor Co., Ltd.
Director, President and Representative Executive Officer, Chief Executive Officer

6 Performance Data

Environmental Data 133

> Social Data 143

Governance Data 150

Social Data

[Human Rights Policy Appendix: Human Rights Issues Addressed by Honda]

Honda proactively addresses human rights issues, including those listed below, in order to respect the human rights of all people with whom we engage through our business activities. The human rights issues included in this appendix will be reviewed periodically based on changes in societal demand, including legal requirements, and in our businesses.

- (1) Prohibiting forced labor and child labor
We respect each individual's fundamental human rights and do not allow forced labor or child labor of any form, including human trafficking.
- (2) No discrimination and harassment, respect for diversity & inclusion
Based on the principle that all human beings are equal, we respect diversity & inclusion and prohibit any discrimination and do not tolerate harassment of any form on the basis of an individual's race, ethnicity, national origin, religion, gender, gender identity, sexual orientation, age or disabilities, among other characteristics.

- (3) Creating an environment of free, open-minded dialogue
 - The associates and the company respect each other's views and endeavor to promote mutual understanding. Maintaining a relationship of mutual trust, the associates and the company make every effort to engage in sincere discussions about any issues that might arise or exist.
 - Respecting freedom of association, or not to associate, and collective bargaining, the company attempts to resolve issues in line with the laws, conventions and customs of each respective country and region.
- (4) Maintaining a working environment where each associate can work with a sense of security
The company provides a safe and healthy workplace where all associates can concentrate on work with a sense of security.

6 Performance Data

Environmental Data 133

> Social Data 143

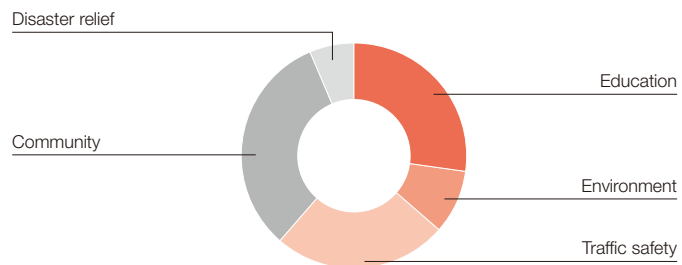
Governance Data 150

Social Data

Social Contribution Activities Data

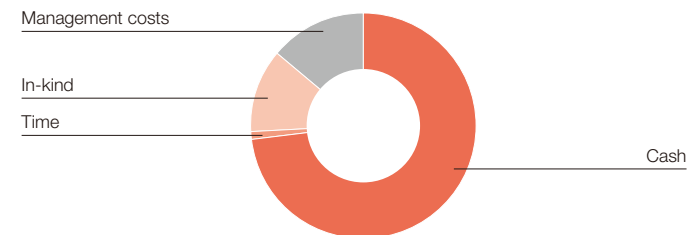
Expenditure related to social contribution activities (FY2023)

| | Expenditure (million yen) |
|-----------------|---------------------------|
| Education | 2,051 |
| Environment | 693 |
| Traffic safety | 1,888 |
| Community | 2,425 |
| Disaster relief | 469 |
| Total | 7,527 |



Breakdown by form of contribution (FY2023)

| | Expenditure (million yen) |
|------------------|---------------------------|
| Cash | 5,510 |
| Time | 90 |
| In-kind | 892 |
| Management costs | 1,036 |
| Total | 7,527 |



6 Performance Data

Environmental Data 133

Social Data 143

> Governance Data 150

Governance Data

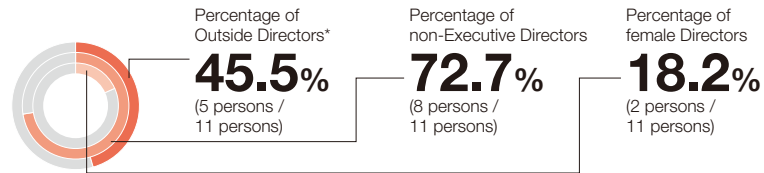
Overview of corporate governance (as of June 21, 2023)

Form of organization

Company with Three Committees

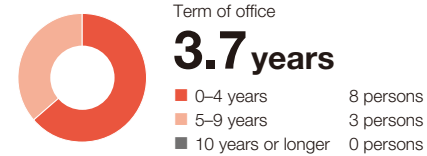
Board of Directors

Composition of members

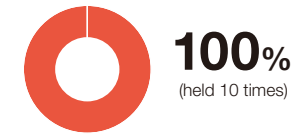


* All five Outside Directors currently in office are Independent Directors who satisfy the Company's Criteria for Independence of Outside Directors.

Term of office

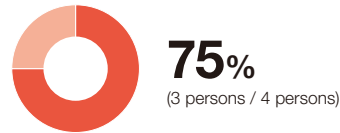


Attendance rate (FY2023)

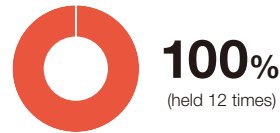


Nominating Committee

Ratio of outside directors



Attendance rate (FY2023)

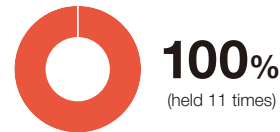


Audit Committee

Ratio of outside directors

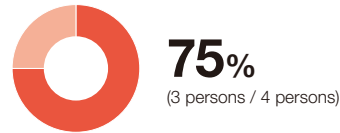


Attendance rate (FY2023)

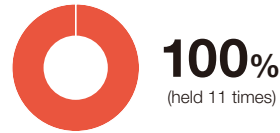


Compensation Committee

Ratio of outside directors



Attendance rate (FY2023)



6 Performance Data

Environmental Data 133

Social Data 143

> Governance Data 150

Governance Data

Total amount of remuneration by category

| Category of Directors | Total amount of remuneration (millions of yen) | Total amount by type of remunerations (millions of yen) | | | Number of eligible Directors (Number of persons) |
|---|--|---|---------------------------------|---------------------------|--|
| | | Basic remuneration | Performance-linked remuneration | | |
| | | | STI (Short Term Incentive) | LTI (Long Term Incentive) | |
| Directors (excluding Outside Directors) | 291 | 288 | 0 | 3 | 4 |
| Outside Directors | 90 | 90 | 0 | 0 | 5 |
| Executive Officers | 794 | 282 | 229 | 283 | 6 |
| Total | 1,175 | 660 | 229 | 286 | 15 |

- 'Directors' in the table above does not include the three Directors who concurrently serve as Executive Officers
- These amounts indicate remuneration paid to Directors during the fiscal year. The above includes the amount paid to one Director who retired at the closing of the 98th Ordinary General Meeting of Shareholders held on June 22, 2022, and the amount paid to one Executive Officer who retired as of May 31, 2022.
- The amount of STI for Executive Officers was determined by the Compensation Committee held on June 15, 2023.
- The total amount of LTI is the expenses recorded for stock delivery points granted during the fiscal year in relation to the Directors' remuneration BIP (Board Incentive Plan) trust and falls under non-monetary remuneration.

Annual total remuneration and bonuses of highest-paid individual (President and Representative Executive Officer, Chief Executive Officer) (Japan)

| | |
|--|-------|
| Annual total remuneration and bonuses of highest-paid individual President and Representative Executive Officer, Chief Executive Officer (millions of yen) | 348 |
| Ratio to median annual total remuneration for all associates (%) | 4,163 |

Rate of increase in annual total remuneration and bonuses of highest-paid individual (President and Representative Executive Officer, Chief Executive Officer) (Japan)

| | |
|--|----|
| Rate of increase in annual total remuneration and bonuses of highest-paid individual President and Representative Executive Officer, Chief Executive Officer (%) | 78 |
|--|----|

6 Performance Data

Environmental Data 133

Social Data 143

> Governance Data 150

Governance Data

Honda Tax Policy

Honda Tax Policy

1. Purpose of the Policy

The Honda Tax Policy prescribes the basic stance and thinking regarding taxes for Honda Motor Co., Ltd. (hereafter HM) and its consolidated subsidiaries (HM and its consolidated subsidiaries, collectively referred to as Honda). The Policy aims to contribute to society as well as maintain and increase corporate value by complying with the tax laws and regulations, and their intent, for each country and region where Honda conducts business activities and by making proper tax payments.

The tax systems of each country and region and international taxation rules are frequently changed. In this environment, to ensure the proper conduction of its business in a stable manner, Honda carries out accurate and high-quality tax affairs and responds to the tax risks associated with its businesses in accordance with the Tax Policy described below.

2. Tax Policy

(1) Compliance

Honda complies with letter and intent of laws, regulations and rules of countries and regions in which it conducts business, as well as tax conventions and international standards such as OECD guidelines. Honda also adopts and complies with internal rules, including tax-related policies and guidelines such as this Policy and Honda Corporate Governance (HCG). Based on the foregoing, Honda makes proper tax payments consistent with the actual state of business.

(2) Prohibition of tax avoidance

Honda shall not engage in any transactions such as the use of tax havens aimed at tax avoidance but make proper tax payments consistent with the actual state of business in keeping with the concept of “returning profits to the communities where profits are earned,” which has been Honda’s basic stance.

(3) Transfer pricing

Honda shall establish proper pricing (Arm’s Length Price (ALP)) by giving sufficient consideration to transfer pricing taxation systems for transactions carried out within Honda to ensure the proper payment of taxes corresponding to the value created by business activities.

(4) Ensuring transparency

Honda recognizes the importance of fulfilling accountability to tax authorities and other tax-related stakeholders through the timely and proper disclosure of tax-related information and properly responds by disclosing tax-related information based on laws and regulations.

(5) Relationships with governments and tax authorities

Honda shall make efforts to ensure transparency and continuously build relationships of trust through sincere responses to governments and tax authorities in the countries and regions where it conducts business by ensuring timely and proper provision of tax-related information based on laws and regulations and requests from governments and tax authorities.

(6) Corporate governance

Honda strives to enhance corporate governance as one of the most important tasks for its management, based on the Company’s basic principle, in order to strengthen the trust of its shareholders/investors, customers and society; encourage timely, decisive and risk-considered decision-making; seek sustainable growth and the enhancement of corporate value over the mid- to long-term; and become a company society wants to exist. In the same manner, Honda shall establish governance on taxation based on this concept, framework and management policy.

The establishment and amendment of this policy shall be subject to the approval of the director in charge of accounting and finance supervision.

7

Data

| | |
|--------------------------------------|-----|
| Assurance (Environment/Social) | 154 |
| GRI Content Index | 155 |
| Financial Data | 161 |

Assurance (Environment/Social)

To disclose environment- and social-related data to our diverse stakeholders in a more transparent and reliable manner, Honda obtained the independent practitioner's assurance of the environment- and social-related data indicated with for the year ended March 31, 2023 in the Japanese version of this report by Deloitte Tohmatsu Sustainability Co., Ltd., a subsidiary of Deloitte Touche Tohmatsu LLC, which is a member firm of Deloitte Touche Tohmatsu Limited.

Scope of Assurance

Environment-related data assured:

- Direct emissions from business activities (Scope 1), Indirect emissions from energy use (Scope 2), Emissions from Honda business activities (Total Scope 1 and 2) and Emissions from customer use of sold products (Scope 3, category 11) out of Honda's total GHG emissions
- GHG emissions (Direct emissions (Scope 1), Indirect emissions (Scope 2), Total emissions (Scopes 1 and 2))
- Energy consumption (Direct energy consumption, Indirect energy consumption and Total energy consumption)
- Water intake/Wastewater volume
- Atmospheric pollutants (SOx emissions, NOx emissions)
- Waste generated

Social-related data assured:

- Lost time injury frequency rate (LTIFR) in Japan
- The number of work accident fatality in Japan

Deloitte.

デロイト トーマツ

(TRANSLATION)

Independent Practitioner's Assurance Report

June 19, 2023

Mr. Toshihiro Mibe,
Director, President and Representative Executive Officer,
Chief Executive Officer
Honda Motor Co., Ltd.

Tomoharu Hase
Representative Director
Deloitte Tohmatsu Sustainability Co., Ltd.
3-2-3, Marunouchi, Chiyoda-ku, Tokyo

We have undertaken a limited assurance engagement of the environment- and social-related data indicated with for the year ended March 31, 2023 (the "Sustainability Information") included in the "Honda ESG Data Book 2023" (the "Report") of Honda Motor Co., Ltd. (the "Company").

The Company's Responsibility

The Company is responsible for the preparation of the Sustainability Information in accordance with the calculation and reporting standard adopted by the Company (indicated with the Sustainability Information in the Report). Greenhouse gas quantification is subject to inherent uncertainty for reasons such as incomplete scientific knowledge used to determine emissions factors and numerical data needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. We apply International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB"), ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the IAASB and the *Practical Guideline for the Assurance of Sustainability Information*, issued by the Japanese Association of Assurance Organizations for Sustainability Information.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures also included the following:

- Evaluating whether the Company's methods for estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or reperforming the estimates.
- Undertaking site visits to assess the completeness of the data, data collection methods, source data and relevant assumptions applicable to the sites.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information is not prepared, in all material respects, in accordance with the calculation and reporting standard adopted by the Company.

The above represents a translation, for convenience only, of the original Independent Practitioner's Assurance report issued in the Japanese language.

Member of
Deloitte Touche Tohmatsu Limited



GRI Content Index

Universal Standards

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|--|--|---|---|--------|-------------|
| | | | Part omitted | Reason | Explanation |
| GRI 2: General Disclosures 2021 | 1. The organization and its reporting practices | | | | |
| | 2-1 | Organizational details | 2 | | |
| | 2-2 | Entities included in the organization's sustainability reporting | 2 | | |
| | 2-3 | Reporting period, frequency and contact point | 2 | | |
| | 2-4 | Restatements of information | 2 | | |
| | 2-5 | External assurance | 2, 153 | | |
| | 2. Activities and workers | | | | |
| | 2-6 | Activities, value chain and other business relationships | 88, 90, 91, 93 | | |
| | 2-7 | Employees | 143 | | |
| | 2-8 | Workers who are not employees | | | |
| | 3. Governance | | | | |
| | 2-9 | Governance structure and composition | 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123 | | |
| | 2-10 | Nomination and selection of the highest governance body | 113, 114, 119, 120, 121, 122, 123 | | |
| | 2-11 | Chair of the highest governance body | 119 | | |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | 4, 5, 6, 7, 8, 9 | | |
| | 2-13 | Delegation of responsibility for managing impacts | 113 | | |
| | 2-14 | Role of the highest governance body in sustainability reporting | 5 | | |
| | 2-15 | Conflicts of interest | 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123 | | |
| | 2-16 | Communication of critical concerns | 6, 111, 112 | | |
| | 2-17 | Collective knowledge of the highest governance body | 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123 | | |
| | 2-18 | Evaluation of the performance of the highest governance body | 115 | | |
| | 2-19 | Remuneration policies | 115 | | |
| 2-20 | Process to determine remuneration | 115 | | | |
| 2-21 | Annual total compensation ratio | 151 | | | |
| 4. Strategy, policies and practices | | | | | |
| 2-22 | Statement on sustainable development strategy | – | | | |



GRI Content Index

Universal Standards

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | | |
|--|----------------------------------|--|------------------|--------|-------------|--|
| | | | Part omitted | Reason | Explanation | |
| GRI 2: General Disclosures 2021 | 2-23 | Policy commitments | 67, 147, 148 | | | |
| | 2-24 | Embedding policy commitments | 67 | | | |
| | 2-25 | Processes to remediate negative impacts | 67, 125 | | | |
| | 2-26 | Mechanisms for seeking advice and raising concerns | 125 | | | |
| | 2-27 | Compliance with laws and regulations | 15, 19, 124, 125 | | | |
| | 2-28 | Membership associations | 9, 102 | | | |
| | 5. Stakeholder engagement | | | | | |
| | 2-29 | Approach to stakeholder engagement | 6, 7, 8, 9 | | | |
| GRI 3: Material Topics 2021 | 3-1 | Process to determine material topics | 6 | | | |
| | 3-2 | List of material topics | 6 | | | |
| | 3-3 | Management of material topics | 6 | | | |

Topic Standards

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|---|--------------|---|--|---|--|
| | | | Part omitted | Reason | Explanation |
| Economy | | | | | |
| GRI 201: Economic Performance 2016 | 201-1 | Direct economic value generated and distributed | 172, 173 | | |
| | 201-2 | Financial implications and other risks and opportunities due to climate change | 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 77, 133, 142 | | |
| | 201-3 | Defined benefit plan obligations and other retirement plans | | | |
| | 201-4 | Financial assistance received from government | – | Financial assistance received from government | This information is currently unavailable. |
| GRI 202: Market Presence 2016 | 202-1 | Ratios of standard entry level employee wage by gender compared to local minimum wage | 146 | | |
| | 202-2 | Proportion of senior management hired from the local community | 143 | | |

GRI Content Index

Topic Standards

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | | |
|---|------------|---|---------------------|------------------------------------|--|--|
| | | | Part omitted | Reason | Explanation | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 | Infrastructure investments and services supported | 9, 35 | | | |
| | 203-2 | Significant indirect economic impacts | 91, 149 | | | |
| GRI 204: Procurement Practices 2016 | 204-1 | Proportion of spending on local suppliers | 91 | | | |
| GRI 205: Anti-corruption 2016 | 205-1 | Operations assessed for risks related to corruption | 125 | | | |
| | 205-2 | Communication and training on anti-corruption policies and procedures | 125 | | | |
| | 205-3 | Confirmed incidents of corruption and actions taken | 125 | | | |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 124 | | | |
| GRI 207: Tax 2019 | 207-1 | Approach to tax | 117, 152 | | | |
| | 207-2 | Tax governance, control, and risk management | 117, 152 | | | |
| | 207-3 | Stakeholder engagement and management of concerns related to tax | 117, 152 | | | |
| | 207-4 | Country-by-country reporting | - | Country-by-country reporting | This information is currently unavailable. | We will improve our information disclosure using GRI Standards with a view to completing this in time for our 2024 ESG Data Book (to be published in June 2024). |
| Environment | | | | | | |
| GRI 301: Materials 2016 | 301-1 | Materials used by weight or volume | - | Materials used by weight or volume | This information is currently unavailable. | We will improve our information disclosure using GRI Standards with a view to completing this in time for our 2024 ESG Data Book (to be published in June 2024). |
| | 301-2 | Recycled input materials used | - | Recycled input materials used | This information is currently unavailable. | We will improve our information disclosure using GRI Standards with a view to completing this in time for our 2024 ESG Data Book (to be published in June 2024). |
| | 301-3 | Reclaimed products and their packaging materials | 23 | | | |
| GRI 302: Energy 2016 | 302-1 | Energy consumption within the organization | 140 | | | |
| | 302-2 | Energy consumption outside of the organization | 140 | | | |
| | 302-3 | Energy intensity | - | Energy intensity | This information is currently unavailable. | We will improve our information disclosure using GRI Standards with a view to completing this in time for our 2024 ESG Data Book (to be published in June 2024). |
| | 302-4 | Reduction of energy consumption | 140 | | | |
| | 302-5 | Reductions in energy requirements of products and services | 18, 19, 20, 21, 140 | | | |

GRI Content Index

Topic Standards

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|--|--------------|---|------------------------|--------|-------------|
| | | | Part omitted | Reason | Explanation |
| GRI 303: Water and Effluents 2018 | 303-1 | Interactions with water as a shared resource | 26 | | |
| | 303-2 | Management of water discharge-related impacts | 26 | | |
| | 303-3 | Water withdrawal | 22, 26, 135 | | |
| | 303-4 | Water discharge | 22, 26, 135 | | |
| | 303-5 | Water consumption | 22, 26, 135 | | |
| GRI 304: Biodiversity 2016 | 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 27, 28, 29, 30 | | |
| | 304-2 | Significant impacts of activities, products, and services on biodiversity | 27, 28, 29, 30 | | |
| | 304-3 | Habitats protected or restored | 27, 28, 29, 30 | | |
| | 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | 27, 28, 29, 30 | | |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | 134, 136, 137, 138 | | |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | 134, 136, 137, 138 | | |
| | 305-3 | Other indirect (Scope 3) GHG emissions | 134, 136, 137 | | |
| | 305-4 | GHG emissions intensity | 18, 20, 134 | | |
| | 305-5 | Reduction of GHG emissions | 134, 136, 137, 138 | | |
| | 305-6 | Emissions of ozone-depleting substances (ODS) | 24 | | |
| | 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 139 | | |
| GRI 306: Waste 2020 | 306-1 | Waste generation and significant waste-related impacts | 23, 24, 25, 135 | | |
| | 306-2 | Management of significant waste-related impacts | 23, 24, 25, 135 | | |
| | 306-3 | Waste generated | 23, 24, 25, 135 | | |
| | 306-4 | Waste diverted from disposal | 23, 24, 25, 135 | | |
| | 306-5 | Waste directed to disposal | 23, 24, 25, 135 | | |
| GRI 307: Environmental Compliance 2016 | 307-1 | Non-compliance with environmental laws and regulations | 15 | | |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 | New suppliers that were screened using environmental criteria | 90 | | |
| | 308-2 | Negative environmental impacts in the supply chain and actions taken | 89, 92, 93, 94, 95, 96 | | |



GRI Content Index

Topic Standards

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|---|---------------|--|---|--------|-------------|
| | | | Part omitted | Reason | Explanation |
| Social | | | | | |
| GRI 401: Employment 2016 | 401-1 | New employee hires and employee turnover | 142 | | |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 78 | | |
| | 401-3 | Parental leave | 76, 143 | | |
| GRI 402: Labor/Management Relations 2016 | 402-1 | Minimum notice periods regarding operational changes | 80 | | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 | Occupational health and safety management system | 82 | | |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | 82, 83 | | |
| | 403-3 | Occupational health services | 84, 85 | | |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | 82 | | |
| | 403-5 | Worker training on occupational health and safety | 83 | | |
| | 403-6 | Promotion of worker health | 84, 85, 86 | | |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 81, 82 | | |
| | 403-8 | Workers covered by an occupational health and safety management system | 82 | | |
| | 403-9 | Work-related injuries | 145 | | |
| | 403-10 | Work-related ill health | 145 | | |
| GRI 404: Training and Education 2016 | 404-1 | Average hours of training per year per employee | 69, 142 | | |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 145 | | |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 79, 146 | | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 | Diversity of governance bodies and employees | 67, 71, 72, 73, 74, 75, 76, 77, 111, 112, 142, 145, 150 | | |
| | 405-2 | Ratio of basic salary and remuneration of women to men | 144 | | |
| GRI 406: Non-discrimination 2016 | 406-1 | Incidents of discrimination and corrective actions taken | 124, 125, 126 | | |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 64, 90, 94, 95, 96 | | |
| GRI 408: Child Labor 2016 | 408-1 | Operations and suppliers at significant risk for incidents of child labor | 90, 126 | | |



GRI Content Index

Topic Standards

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|--|--|--|--------------|--------|-------------|
| | | | Part omitted | Reason | Explanation |
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | 90, 126 | | | |
| GRI 410: Security Practices 2016 | 410-1 Security personnel trained in human rights policies or procedures | 68, 143 | | | |
| GRI 411: Rights of Indigenous Peoples 2016 | 411-1 Incidents of violations involving rights of indigenous peoples | 89, 90, 91, 94, 95, 96 | | | |
| GRI 412: Human Rights Assessment 2016 | 412-1 Operations that have been subject to human rights reviews or impact assessments | 67, 70, 90, 94, 95 | | | |
| | 412-2 Employee training on human rights policies or procedures | 67, 70, 90, 94, 95, 96 | | | |
| | 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | 90, 94, 95 | | | |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | 7, 8, 14, 104, 105, 106, 107, 108, 109 | | | |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | 7, 8, 14, 104, 105, 106, 107, 108, 109 | | | |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | 90 | | | |
| | 414-2 Negative social impacts in the supply chain and actions taken | 90, 94, 95, 96 | | | |
| GRI 415: Public Policy 2016 | 415-1 Political contributions | 9 | | | |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | 46 | | | |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | 61 | | | |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | 19 | | | |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | 19 | | | |
| | 417-3 Incidents of non-compliance concerning marketing communications | 124, 125, 126 | | | |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 130 | | | |
| GRI 419: Socioeconomic Compliance 2016 | 419-1 Non-compliance with laws and regulations in the social and economic area | 125 | | | |

Financial Data

Operating and Financial Review

Sales Revenue

Honda's consolidated sales revenue for the fiscal year ended March 31, 2023, increased by ¥2,355.0 billion, or 16.2%, to ¥16,907.7 billion from the fiscal year ended March 31, 2022, due mainly to increased sales revenue in Motorcycle business operations as well as positive foreign currency translation effects. Honda estimates that by applying Japanese yen exchange rates of the previous fiscal year to the current fiscal year, sales revenue for the year would have increased by approximately ¥253.2 billion, or 1.7%, compared to the increase as reported of ¥2,355.0 billion, which includes positive foreign currency translation effects.

Operating Costs and Expenses

Operating costs and expenses increased by ¥2,445.4 billion, or 17.9%, to ¥16,126.9 billion from the previous fiscal year. Cost of sales increased by ¥2,008.2 billion, or 17.4%, to ¥13,576.1 billion from the previous fiscal year, due mainly to an increase in costs attributable to increased consolidated sales revenue in Motorcycle business operations as well as foreign currency effects. Selling, general and administrative expenses increased by ¥343.4 billion, or 25.9%, to ¥1,669.9 billion from the previous fiscal year, due mainly to an increase in expenses including product warranty expenses as well as foreign currency effects. Research and development expenses increased by ¥93.8 billion, or 11.9%, to ¥880.9 billion from the previous fiscal year.

Operating Profit

Operating profit decreased by ¥90.4 billion, or 10.4%, to ¥780.7 billion from the previous fiscal year, due mainly to decreased profit attributable to sales impacts and increased expenses including product warranty expenses, which was partially offset by positive foreign currency effects. Honda estimates that by excluding positive foreign currency effects of approximately ¥295.9 billion, operating profit would have decreased by approximately ¥386.3 billion.

With respect to the discussion above of the changes, management identified factors and used what it believes to be a reasonable method to analyze the respective changes in such factors. Management analyzed changes in these factors at the levels of the Company and its material consolidated subsidiaries.

- (1) "Foreign currency effects" consist of "translation adjustments", which come from the translation of the currency of foreign subsidiaries' financial statements into Japanese yen, and "foreign currency adjustments", which result from foreign-currency-denominated transaction. With respect to "foreign currency adjustments", management analyzed foreign currency adjustments primarily related to the following currencies: U.S. dollar, Japanese yen and others at the level of the Company and its material consolidated subsidiaries.
- (2) With respect to "price and cost impacts", management analyzed effects of changes in sales price, cost reductions, effects of raw material cost fluctuations and others, excluding foreign currency effects.
- (3) With respect to "sales impacts", management analyzed changes in sales volume and mix of product models sold that resulted in increases/decreases in profit, changes in sales revenue of Financial services business that resulted in increases/decreases in profit as well as certain other reasons for increases/decreases in sales revenue and cost of sales, excluding foreign currency effects.

- (4) With respect to "expenses", management analyzed reasons for an increase/decrease in selling, general and administrative expenses from the previous fiscal year excluding foreign currency translation effects.
- (5) With respect to "Research and Development expenses", management analyzed reasons for an increase/decrease in research and development expenses from the previous fiscal year excluding foreign currency translation effects.

The estimates excluding the foreign currency effects are not on the same basis as Honda's consolidated financial statements, and do not conform to IFRS. Furthermore, Honda does not believe that these measures are substitute for the disclosure required by IFRS. However, Honda believes that such estimates excluding the foreign currency effects provide financial statements users with additional useful information for understanding Honda's results.

Profit before Income Taxes

Profit before income taxes decreased by ¥190.6 billion, or 17.8%, to ¥879.5 billion from the previous fiscal year. The main factors behind this decrease, except factors relating to operating profit, are as follows:

Share of profit of investments accounted for using the equity method had a negative impact of ¥85.0 billion, due mainly to recognition of impairment losses on certain investments accounted for using the equity method.

Finance income and finance costs had a negative impact of ¥15.0 billion, due mainly to effect from gains or losses on derivatives as well as effect from gains or losses on foreign exchange, which was partially offset by increased interest income. For further details, see note "(22) Finance Income and Finance Costs" to the accompanying consolidated financial statements.

Financial Data

Income Tax Expense

Income tax expense decreased by ¥147.2 billion, or 47.6%, to ¥162.2 billion from the previous fiscal year. The average effective tax rate decreased by 10.5 percentage points to 18.4% from the previous fiscal year. The benefits of deferred taxes in Japan for the fiscal year ended March 31, 2023, include tax benefits of ¥96.1 billion resulting from the recognition of deferred tax assets previously unrecognized on tax losses, tax credits and deductible temporary differences in the consolidated group under the Japanese Group Relief System, which consists of the Company and its certain consolidated subsidiaries in Japan. We consider it probable that future taxable profit in the consolidated group would be available considering its taxable profits for the past two consecutive years and the expected increase of the Company's profits in response to the increase in Honda's consolidated unit sales of automobiles in Japan and foreign countries for the future years. For further details, see "(a) Income Tax Expense" of note "(23) Income Taxes" to the accompanying consolidated financial statements.

Profit for the Year

Profit for the year decreased by ¥43.3 billion, or 5.7%, to ¥717.3 billion from the previous fiscal year.

Profit for the Year Attributable to Owners of the Parent

Profit for the year attributable to owners of the parent decreased by ¥55.6 billion, or 7.9%, to ¥651.4 billion from the previous fiscal year.

Profit for the Year Attributable to Non-controlling Interests

Profit for the year attributable to non-controlling interests increased by ¥12.2 billion, or 22.9%, to ¥65.8 billion from the previous fiscal year.

Operating segments and geographic segments in financial data

| Segment | Principal products and services | Functions |
|-------------------------------------|---|---|
| Motorcycle Business | Motorcycles, all-terrain vehicles (ATVs), Side-by-Side (SxS) and relevant parts | Research and development, Manufacturing, Sales and related services |
| Automobile Business | Automobiles and relevant parts | Research and development, Manufacturing, Sales and related services |
| Financial Services Business | Financial services | Retail loan and lease related to Honda products, Others |
| Power Products and Other Businesses | Power products and relevant parts, and others | Research and development, Manufacturing, Sales and related services, Others |

- Operating segments are defined as the components of Honda for which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The accounting policies used for these reportable segments are consistent with the accounting policies used in the Company's consolidated financial statements.
- Life creation business has been renamed Power product business as a result of organizational changes effective April 1, 2022.

| Area | Major countries |
|---------------|---|
| North America | United States, Canada, Mexico |
| Europe | United Kingdom, Germany, Belgium, Italy, France |
| Asia | Thailand, China, India, Vietnam, Malaysia |
| Other Regions | Brazil, Australia |

- Segmentation by country and region is based on geographical proximity.

Financial Data

Motorcycle Business

Honda Group Unit Sales*

| | FY2022 | FY2023 | Change | % |
|---------------|--------|---------------|--------------|-------------|
| Total | 17,027 | 18,757 | 1,730 | 10.2 |
| Japan | 244 | 246 | 2 | 0.8 |
| North America | 437 | 459 | 22 | 5.0 |
| Europe | 317 | 347 | 30 | 9.5 |
| Asia | 14,589 | 16,108 | 1,519 | 10.4 |
| Other Regions | 1,440 | 1,597 | 157 | 10.9 |

Consolidated Unit Sales*

| | FY2022 | FY2023 | Change | % |
|---------------|--------|---------------|--------------|-------------|
| Total | 10,721 | 12,161 | 1,440 | 13.4 |
| Japan | 244 | 246 | 2 | 0.8 |
| North America | 437 | 459 | 22 | 5.0 |
| Europe | 317 | 347 | 30 | 9.5 |
| Asia | 8,283 | 9,512 | 1,229 | 14.8 |
| Other Regions | 1,440 | 1,597 | 157 | 10.9 |

* Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries.

Total demand for motorcycles in India, the largest market within Asia, increased by around 6% from the previous year to approximately 15,360 thousand units in calendar year 2022. Total demand for motorcycles in other countries in Asia*¹ remained basically unchanged from the previous year at approximately 19,890 thousand units in calendar year 2022, mainly due to an increase in sales units in Vietnam, which offset a decrease in sales units in China. Honda's consolidated unit sales in Asia were 9,512 thousand units in fiscal year 2023, an increase by 14.8% from the previous fiscal year, mainly due to the increases in sales units of the Activa model series in India and the Wave model series in Vietnam. Honda's consolidated unit sales do not include sales by P.T. Astra Honda Motor in Indonesia, which is accounted for using the equity method. P.T. Astra Honda Motor's unit sales increased by around 15% from the previous fiscal year to approximately 4,480 thousand units in fiscal year 2023, mainly due to the increases in sales units of the BeAT and Vario model series.

Total demand for motorcycles in Brazil*², the principal market within Other Regions, increased by around 19% from the previous year to approximately 1,350 thousand units in calendar year 2022. In Other Regions (including South America, the Middle East, Africa, Oceania, and other areas), Honda's consolidated unit sales increased by 10.9% from the previous fiscal year to 1,597 thousand units in fiscal year 2023, mainly due to the increases in sales units of the CG160 and Biz model series in Brazil.

*¹ Based on Honda research. Only includes the following seven countries: Thailand, Indonesia, Malaysia, the Philippines, Vietnam, Pakistan, and China.

*² Source: ABRACICLO (the Brazilian Association of Motorcycle, Moped, and Bicycle Manufacturers)



Financial Data

Automobile Business

Honda Group Unit Sales*

| | FY2022 | FY2023 | Change | % |
|---------------|--------|--------|--------|--------|
| Total | 4,074 | 3,687 | (387) | (9.5) |
| Japan | 547 | 550 | 3 | 0.5 |
| North America | 1,283 | 1,195 | (88) | (6.9) |
| Europe | 100 | 84 | (16) | (16.0) |
| Asia | 2,022 | 1,744 | (278) | (13.7) |
| Other Regions | 122 | 114 | (8) | (6.6) |

Consolidated Unit Sales*

| | FY2022 | FY2023 | Change | % |
|---------------|--------|--------|--------|--------|
| Total | 2,424 | 2,382 | (42) | (1.7) |
| Japan | 476 | 484 | 8 | 1.7 |
| North America | 1,283 | 1,195 | (88) | (6.9) |
| Europe | 100 | 84 | (16) | (16.0) |
| Asia | 443 | 505 | 62 | 14.0 |
| Other Regions | 122 | 114 | (8) | (6.6) |

* Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed products of Honda and its consolidated subsidiaries. Certain sales of automobiles that are financed with residual value type auto loans and others by our Japanese finance subsidiaries and provided through our consolidated subsidiaries are accounted for as operating leases in conformity with IFRS and are not included in consolidated sales revenue to the external customers in our Automobile business. Accordingly, they are not included in Consolidated Unit Sales, but are included in Honda Group Unit Sales of our Automobile business.

Total demand for automobiles in Japan*¹ increased by around 4% from the previous fiscal year to approximately 4,380 thousand units in fiscal year 2023. Honda's consolidated unit sales in Japan*² increased by 1.7% from the previous fiscal year to 484 thousand units in fiscal year 2023, mainly due to an increase in sales units of the N-BOX model, despite the impacts of the semiconductor supply shortage. Honda's unit production of automobiles in Japan increased by 1.4% from the previous fiscal year to 643 thousand units in fiscal year 2023.

Total demand for automobiles in the United States*³, the principal market within North America, decreased by around 8% from the previous year to approximately 13,890 thousand units in calendar year 2022. Honda's consolidated unit sales in North America decreased by 6.9% from the previous fiscal year to 1,195 thousand units in fiscal year 2023, mainly due to the decreases in sales units of the HR-V and CIVIC models, attributable to the impacts of the semiconductor supply shortage. Honda's unit production of automobiles in North America decreased by 1.7% from the previous fiscal year to 1,249 thousand units in fiscal year 2023.

Total demand for automobiles in Asia increased by around 18% from the previous year to approximately 8,340 thousand units in calendar year 2022. This was mainly due to the increases in demand in India and Malaysia. Total demand for automobiles in China*⁴ increased by around 2% from the previous year to approximately 26,860 thousand units in calendar year 2022.

Honda's consolidated unit sales in Asia increased by 14.0% from the previous fiscal year to 505 thousand units in fiscal year 2023, mainly due to the increases in sales units of the BR-V and BRIO models in Indonesia. Honda's consolidated unit sales do not include unit sales of Dongfeng Honda Automobile Co., Ltd. and GAC Honda Automobile Co., Ltd., both of which are joint ventures accounted for using the equity method in China. Unit sales in China substantially decreased by 21.5% from the previous fiscal year to 1,240 thousand units in fiscal year 2023, mainly due to the decreases in sales units of the XR-V and VEZEL models, attributable to the impacts of the semiconductor supply shortage. Honda's unit production by consolidated subsidiaries in Asia increased by 14.1% from the previous fiscal year to 556 thousand units in fiscal year 2023. Meanwhile, unit production by Chinese joint ventures Dongfeng Honda Automobile Co., Ltd. and GAC Honda Automobile Co., Ltd. decreased by 19.4% from the previous fiscal year to 1,306 thousand units in fiscal year 2023.

*¹ Source: JAMA (Japan Automobile Manufacturers Association), as measured by the number of regular vehicle registrations (661cc or higher) and mini vehicles (660cc or lower)

*² Certain sales of automobiles that are financed with residual value type auto loans and others by our Japanese finance subsidiaries and sold through our consolidated subsidiaries are accounted for as operating leases in conformity with IFRS and are not included in consolidated sales revenue to external customers in the Automobile business. Accordingly, they are not included in consolidated unit sales.

*³ Source: Autodata

*⁴ Source: CAAM (China Association of Automobile Manufacturers)

Power Products

Power Products and Other Businesses

Honda Group Unit Sales/Consolidated Unit Sales* (thousands)

| | FY2022 | FY2023 | Change | % |
|---------------|--------|--------------|--------------|---------------|
| Total | 6,200 | 5,645 | (555) | (9.0) |
| Japan | 353 | 376 | 23 | 6.5 |
| North America | 2,738 | 2,274 | (464) | (16.9) |
| Europe | 1,189 | 1,168 | (21) | (1.8) |
| Asia | 1,487 | 1,408 | (79) | (5.3) |
| Other Regions | 433 | 419 | (14) | (3.2) |

* Honda Group Unit Sales is the total unit sales of completed products of Honda, its consolidated subsidiaries and its affiliates and joint ventures accounted for using the equity method. Consolidated Unit Sales is the total unit sales of completed power products corresponding to consolidated sales revenue to external customers, which consists of unit sales of completed power products of Honda and its consolidated subsidiaries. In the Life Creation business, there is no discrepancy between Honda Group Unit Sales and Consolidated Unit Sales since no affiliate and joint venture accounted for using the equity method was involved in the sale of Honda power products.

Honda's consolidated unit sales in North America decreased by 16.9% from the previous fiscal year to 2,274 thousand units in fiscal year 2023, mainly due to a decrease in sales units of OEM engines*.

Honda's consolidated unit sales in Europe decreased by 1.8% from the previous fiscal year to 1,168 thousand units in fiscal year 2023, mainly due to a decrease in sales units of OEM engines, which offset an increase in the sales units of generators.

Honda's consolidated unit sales in Asia decreased by 5.3% from the previous fiscal year to 1,408 thousand units in fiscal year 2023, mainly due to a decrease in sales units of OEM engines.

* OEM (Original Equipment Manufacturer) engines: refers to engines installed on products sold under a third-party brand.

Financial Data

Consolidated Statements of Financial Position

March 31, 2022 and 2023

| Assets | | Yen (millions) | | Liabilities and Equity | | Yen (millions) | |
|---|--------------------|--------------------|---|------------------------|--------------------|----------------|------|
| | 2022 | 2023 | | 2022 | 2023 | | 2023 |
| Current assets: | | | Current liabilities: | | | | |
| Cash and cash equivalents | ¥3,674,931 | ¥3,803,014 | Trade payables | ¥1,236,233 | ¥1,426,333 | | |
| Trade receivables | 896,768 | 1,060,271 | Financing liabilities | 3,118,304 | 3,291,195 | | |
| Receivables from financial services | 1,694,113 | 1,899,493 | Accrued expenses | 375,601 | 419,570 | | |
| Other financial assets | 217,743 | 263,892 | Other financial liabilities | 236,900 | 324,110 | | |
| Inventories | 1,918,548 | 2,167,184 | Income taxes payable | 96,116 | 86,252 | | |
| Other current assets | 439,322 | 384,494 | Provisions | 268,388 | 362,701 | | |
| Total current assets | 8,841,425 | 9,578,348 | Other current liabilities | 672,857 | 741,963 | | |
| | | | Total current liabilities | 6,004,399 | 6,652,124 | | |
| Non-current assets: | | | Non-current liabilities: | | | | |
| Investments accounted for using the equity method | 967,404 | 915,946 | Financing liabilities | 4,984,252 | 4,373,973 | | |
| Receivables from financial services | 3,740,383 | 3,995,259 | Other financial liabilities | 282,083 | 288,736 | | |
| Other financial assets | 819,654 | 855,070 | Retirement benefit liabilities | 282,054 | 255,852 | | |
| Equipment on operating leases | 5,159,129 | 4,726,292 | Provisions | 253,625 | 270,169 | | |
| Property, plant and equipment | 3,079,407 | 3,168,109 | Deferred tax liabilities | 990,754 | 877,300 | | |
| Intangible assets | 849,507 | 870,900 | Other non-current liabilities | 403,440 | 449,622 | | |
| Deferred tax assets | 91,592 | 105,792 | Total non-current liabilities | 7,196,208 | 6,515,652 | | |
| Other non-current assets | 424,652 | 454,351 | Total liabilities | 13,200,607 | 13,167,776 | | |
| Total non-current assets | 15,131,728 | 15,091,719 | Equity: | | | | |
| Total assets | ¥23,973,153 | ¥24,670,067 | Common stock | 86,067 | 86,067 | | |
| | | | Capital surplus | 185,495 | 185,589 | | |
| | | | Treasury stock | (328,309) | (484,931) | | |
| | | | Retained earnings | 9,539,133 | 9,980,128 | | |
| | | | Other components of equity | 990,438 | 1,417,397 | | |
| | | | Equity attributable to owners of the parent | 10,472,824 | 11,184,250 | | |
| | | | Non-controlling interests | 299,722 | 318,041 | | |
| | | | Total equity | 10,772,546 | 11,502,291 | | |
| | | | Total liabilities and equity | ¥23,973,153 | ¥24,670,067 | | |



Financial Data

Consolidated Statements of Income

Years ended March 31, 2022 and 2023

| | Yen (millions) | |
|---|----------------|---------------------|
| | 2022 | 2023 |
| Sales revenue | ¥14,552,696 | ¥16,907,725 |
| Operating costs and expenses: | | |
| Cost of sales | (11,567,923) | (13,576,133) |
| Selling, general and administrative | (1,326,485) | (1,669,908) |
| Research and development | (787,056) | (880,915) |
| Total operating costs and expenses | (13,681,464) | (16,126,956) |
| Operating profit | 871,232 | 780,769 |
| Share of profit of investments accounted for using the equity method | 202,512 | 117,445 |
| Finance income and finance costs: | | |
| Interest income | 25,627 | 73,071 |
| Interest expense | (16,867) | (36,112) |
| Other, net | (12,314) | (55,608) |
| Total finance income and finance costs | (3,554) | (18,649) |
| Profit before income taxes | 1,070,190 | 879,565 |
| Income tax expense | (309,489) | (162,256) |
| Profit for the year | ¥760,701 | ¥717,309 |
| Profit for the year attributable to: | | |
| Owners of the parent | ¥707,067 | ¥651,416 |
| Non-controlling interests | 53,634 | 65,893 |
| Earnings per share attributable to owners of the parent(Yen) | | |
| Basic and diluted | 411.09 | 384.02 |

Consolidated Statements of Cash Flows

Years ended March 31, 2022 and 2023

| | Yen (millions) | |
|--|----------------|------------------|
| | 2022 | 2023 |
| Cash flows from operating activities: | | |
| Profit before income taxes | ¥1,070,190 | ¥879,565 |
| Depreciation, amortization and impairment losses excluding equipment on operating leases | 611,063 | 721,630 |
| Share of profit of investments accounted for using the equity method | (202,512) | (117,445) |
| Finance income and finance costs, net | (56,352) | (71,661) |
| Interest income and interest costs from financial services, net | (155,872) | (146,461) |
| Changes in assets and liabilities | | |
| Trade receivables | (24,037) | (155,924) |
| Inventories | (208,895) | (171,467) |
| Trade payables | 50,122 | 105,272 |
| Accrued expenses | (68,811) | 42,122 |
| Provisions and retirement benefit liabilities | (156,079) | 90,880 |
| Receivables from financial services | 509,741 | (41,480) |
| Equipment on operating leases | 171,600 | 768,070 |
| Other assets and liabilities | 28,981 | 218,369 |
| Other, net | (19,782) | (1,222) |
| Dividends received | 193,555 | 244,902 |
| Interest received | 237,724 | 324,234 |
| Interest paid | (97,884) | (159,020) |
| Income taxes paid, net of refund | (203,130) | (401,342) |
| Net cash provided by operating activities | 1,679,622 | 2,129,022 |

| | Yen (millions) | |
|--|----------------|--------------------|
| | 2022 | 2023 |
| Cash flows from investing activities: | | |
| Payments for additions to property, plant and equipment | ¥(268,143) | ¥(475,048) |
| Payments for additions to and internally developed intangible assets | (181,083) | (157,440) |
| Proceeds from sales of property, plant and equipment and intangible assets | 27,108 | 16,206 |
| Payments for acquisitions of subsidiaries, net of cash and cash equivalents acquired | - | 740 |
| Payments for acquisitions of investments accounted for using the equity method | - | (23,826) |
| Payments for acquisitions of other financial assets | (488,631) | (527,334) |
| Proceeds from sales and redemptions of other financial assets | 534,693 | 488,642 |
| Net cash used in investing activities | (376,056) | (678,060) |
| Cash flows from financing activities: | | |
| Proceeds from short-term financing liabilities | 7,487,724 | 9,127,333 |
| Repayments of short-term financing liabilities | (7,960,144) | (8,684,799) |
| Proceeds from long-term financing liabilities | 2,002,823 | 971,067 |
| Repayments of long-term financing liabilities | (1,761,561) | (2,382,190) |
| Dividends paid to owners of the parent | (188,402) | (213,475) |
| Dividends paid to non-controlling interests | (53,813) | (51,376) |
| Purchases and sales of treasury stock, net | (62,180) | (156,622) |
| Repayments of lease liabilities | (80,165) | (78,297) |
| Net cash provided by (used in) financing activities | (615,718) | (1,468,359) |
| Effect of exchange rate changes on cash and cash equivalents | 229,063 | 145,480 |
| Net change in cash and cash equivalents | 916,911 | 128,083 |
| Cash and cash equivalents at beginning of year | 2,758,020 | 3,674,931 |
| Cash and cash equivalents at end of year | ¥3,674,931 | ¥3,803,014 |



Financial Data

Segment Information

Segment information as of and for the years ended March 31, 2022 and 2023 is as follows:

As of and for the year ended March 31, 2022

Yen (millions)

| | Motorcycle Business | Automobile Business | Financial Services Business | Power Products and Other Businesses | Segment Total | Reconciling Items | Consolidated |
|-------------------------------|---------------------|---------------------|-----------------------------|-------------------------------------|---------------|-------------------|--------------|
| Sales revenue: | | | | | | | |
| External customers | ¥2,185,253 | ¥9,147,498 | ¥2,820,667 | ¥399,278 | ¥14,552,696 | - | ¥14,552,696 |
| Intersegment | - | 213,095 | 2,656 | 22,480 | 238,231 | (238,231) | - |
| Total | 2,185,253 | 9,360,593 | 2,823,323 | 421,758 | 14,790,927 | (238,231) | 14,552,696 |
| Segment profit (loss) | 311,492 | 236,207 | 333,032 | (9,499) | 871,232 | - | 871,232 |
| Segment assets | 1,448,926 | 9,563,553 | 11,318,756 | 475,124 | 22,806,359 | 1,166,794 | 23,973,153 |
| Depreciation and amortization | 65,423 | 510,755 | 883,712 | 17,018 | 1,476,908 | - | 1,476,908 |
| Capital expenditures | 49,203 | 410,169 | 2,028,700 | 15,748 | 2,503,820 | - | 2,503,820 |

As of and for the year ended March 31, 2023

Yen (millions)

| | Motorcycle Business | Automobile Business | Financial Services Business | Power Products and Other Businesses | Segment Total | Reconciling Items | Consolidated |
|-------------------------------|---------------------|---------------------|-----------------------------|-------------------------------------|---------------|-------------------|--------------|
| Sales revenue: | | | | | | | |
| External customers | ¥2,908,983 | ¥10,593,519 | ¥2,954,098 | ¥451,125 | ¥16,907,725 | - | ¥16,907,725 |
| Intersegment | - | 188,198 | 2,046 | 25,307 | 215,551 | (215,551) | - |
| Total | 2,908,983 | 10,781,717 | 2,956,144 | 476,432 | 17,123,276 | (215,551) | 16,907,725 |
| Segment profit (loss) | 488,709 | (16,629) | 285,857 | 22,832 | 780,769 | - | 780,769 |
| Segment assets | 1,580,521 | 10,082,519 | 11,197,017 | 480,166 | 23,340,223 | 1,329,844 | 24,670,067 |
| Depreciation and amortization | 65,746 | 600,617 | 908,942 | 21,571 | 1,596,876 | - | 1,596,876 |
| Capital expenditures | 59,101 | 613,351 | 1,546,683 | 14,386 | 2,233,521 | - | 2,233,521 |

Explanatory notes:

- Intersegment sales revenues are generally made at values that approximate arm's-length prices.
- Reconciling items include elimination of intersegment transactions and balances as well as unallocated corporate assets. Unallocated corporate assets included in reconciling items as of March 31, 2022 and 2023 amounted to ¥1,319,995 million and ¥1,462,656 million, respectively, which consist primarily of the Company's cash and cash equivalents and financial assets measured at fair value through other comprehensive income.



Financial Data

Financial Summary

Years ended March 31

| | U.S. GAAP Yen (millions) | | | | IFRS Yen (millions) | | | | | | | | | |
|--|-----------------------------|-------------|-------------|-------------|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------|
| | 2012 | 2013 | 2014 | 2015 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Sales, income and dividends | | | | | Sales, income and dividends | | | | | | | | | |
| Net sales and other operating revenue | ¥7,948,095 | ¥9,877,947 | ¥11,842,451 | ¥12,646,747 | Sales revenue | ¥13,328,099 | ¥14,601,151 | ¥13,999,200 | ¥15,361,146 | ¥15,888,617 | ¥14,931,009 | ¥13,170,519 | ¥14,552,696 | ¥16,907,725 |
| Operating income | 231,364 | 544,810 | 750,281 | 606,878 | Operating profit | 670,603 | 503,376 | 840,711 | 833,558 | 726,370 | 633,637 | 660,208 | 871,232 | 780,769 |
| Operating margin | 2.9% | 5.5% | 6.3% | 4.8% | Operating margin | 5.0% | 3.4% | 6.0% | 5.4% | 4.6% | 4.2% | 5.0% | 6.0% | 4.6% |
| Income before income taxes and equity in income of affiliates | 257,403 | 488,891 | 728,940 | 644,809 | Share of profit of investments accounted for using the equity method | 96,097 | 126,001 | 164,793 | 247,643 | 228,827 | 164,203 | 272,734 | 202,512 | 117,445 |
| Income taxes | 135,735 | 178,976 | 252,662 | 235,204 | Profit before income taxes | 806,237 | 635,450 | 1,006,986 | 1,114,973 | 979,375 | 789,918 | 914,053 | 1,070,190 | 879,565 |
| Equity in income of affiliates | 100,406 | 82,723 | 132,471 | 126,570 | Income tax expense | 245,139 | 229,092 | 327,592 | (13,666) | 303,089 | 279,986 | 218,609 | 309,489 | 162,256 |
| Net income attributable to non-controlling interests | (10,592) | (25,489) | (34,642) | (43,168) | Profit for the year | 561,098 | 406,358 | 679,394 | 1,128,639 | 676,286 | 509,932 | 695,444 | 760,701 | 717,309 |
| Net income attributable to Honda Motor Co., Ltd. | 211,482 | 367,149 | 574,107 | 493,007 | Profit for the year attributable to owners of the parent | 509,435 | 344,531 | 616,569 | 1,059,337 | 610,316 | 455,746 | 657,425 | 707,067 | 651,416 |
| Cash dividends paid during the period | 108,138 | 129,765 | 142,381 | 158,601 | Dividends paid to owners of the parent | 158,601 | 158,601 | 162,205 | 174,221 | 194,271 | 196,795 | 145,090 | 188,402 | 213,475 |
| Research and development | 519,818 | 560,270 | 634,130 | 662,610 | R&D expenditures | 670,331 | 719,810 | 659,918 | 730,734 | 820,037 | 821,478 | 780,065 | 804,025 | 852,067 |
| Interest expense | 10,378 | 12,157 | 12,703 | 16,598 | Interest expense | 18,194 | 18,146 | 12,471 | 12,970 | 13,217 | 24,689 | 13,877 | 16,867 | 36,112 |
| Assets, long-term debt and shareholders' equity | | | | | Assets, liabilities and equity | | | | | | | | | |
| Total assets | ¥11,787,599 | ¥13,635,357 | ¥15,622,031 | ¥18,088,839 | Total assets | ¥18,425,837 | ¥18,229,294 | ¥18,958,123 | ¥19,349,164 | ¥20,419,122 | ¥20,461,465 | ¥21,921,030 | ¥23,973,153 | ¥24,670,067 |
| Long-term debt | 2,235,001 | 2,710,845 | 3,234,066 | 3,933,860 | Financing liabilities (Non-current liabilities) | 3,926,276 | 3,736,628 | 4,022,190 | 3,881,749 | 4,142,338 | 4,221,229 | 4,715,361 | 4,984,252 | 4,373,973 |
| Total Honda Motor Co., Ltd. shareholders' equity | 4,398,249 | 5,043,500 | 5,918,979 | 6,696,693 | Equity attributable to owners of the parent | 7,108,627 | 6,761,433 | 7,295,296 | 7,933,538 | 8,267,720 | 8,012,259 | 9,082,306 | 10,472,824 | 11,184,250 |
| Capital expenditures (excluding purchase of operating lease assets) | 424,413 | 630,408 | 782,027 | 714,502 | Additions to property, plant and equipment | 703,920 | 687,306 | 588,360 | 484,778 | 466,657 | 455,169 | 390,081 | 366,829 | 578,063 |
| Depreciation (excluding property on operating leases) | 345,105 | 335,536 | 442,318 | 490,375 | Depreciation | 451,052 | 486,410 | 484,133 | 513,455 | 499,036 | 470,320 | 428,063 | 438,269 | 512,501 |



Financial Data

Financial Summary (continued)

Years ended March 31

| | U.S. GAAP Yen | | | | IFRS Yen | | | | | | | | | |
|---|------------------|------------|-------------|-------------|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------|--|
| | 2012 | 2013 | 2014 | 2015 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| Per common share | | | | | Per share | | | | | | | | | |
| Net income attributable to Honda Motor Co., Ltd.: | | | | | Profit for the year attributable to owners of the parent | | | | | | | | | |
| Basic | ¥117.34 | ¥203.71 | ¥318.54 | ¥273.54 | ¥282.66 | ¥191.16 | ¥342.10 | ¥590.79 | ¥345.99 | ¥260.13 | ¥380.75 | ¥411.09 | ¥384.02 | |
| Diluted | 117.34 | 203.71 | 318.54 | 273.54 | 282.66 | 191.16 | 342.10 | 590.79 | 345.99 | 260.13 | 380.75 | 411.09 | 384.02 | |
| Dividends | 60 | 76 | 82 | 88 | 88 | 88 | 92 | 100 | 111 | 112 | 110 | 120 | 120 | |
| Honda Motor Co., Ltd. shareholders' equity | 2,440.35 | 2,798.37 | 3,284.14 | 3,715.66 | 3,944.23 | 3,751.59 | 4,047.81 | 4,461.36 | 4,698.74 | 4,640.46 | 5,260.06 | 6,122.31 | 6,719.93 | |
| | Yen (millions) | | | | Yen (millions) | | | | | | | | | |
| Sales | | | | | Sales | | | | | | | | | |
| Sales amounts:* | | | | | Sales revenue:* | | | | | | | | | |
| Japan | ¥1,517,927 | ¥1,652,995 | ¥1,912,504 | ¥1,810,283 | ¥1,800,439 | ¥1,754,167 | ¥1,799,772 | ¥1,919,130 | ¥2,042,891 | ¥1,985,945 | ¥1,849,268 | ¥1,943,649 | ¥2,013,095 | |
| | 19% | 17% | 16% | 14% | 14% | 12% | 13% | 12% | 13% | 13% | 14% | 13% | 12% | |
| Overseas | 6,430,168 | 8,224,952 | 9,929,947 | 10,836,464 | 11,527,660 | 12,846,984 | 12,199,428 | 13,442,016 | 13,845,726 | 12,945,064 | 11,321,251 | 12,609,047 | 14,894,630 | |
| | 81% | 83% | 84% | 86% | 86% | 88% | 87% | 88% | 87% | 87% | 86% | 87% | 88% | |
| Total | ¥7,948,095 | ¥9,877,947 | ¥11,842,451 | ¥12,646,747 | ¥13,328,099 | ¥14,601,151 | ¥13,999,200 | ¥15,361,146 | ¥15,888,617 | ¥14,931,009 | ¥13,170,519 | ¥14,552,696 | ¥16,907,725 | |
| | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | |
| | Thousands | | | | Thousands | | | | | | | | | |
| Unit sales: | | | | | Unit sales: | | | | | | | | | |
| Motorcycle Business | 15,061 | 15,494 | 17,021 | 17,765 | 17,592 | 17,055 | 17,661 | 19,554 | 20,238 | 19,340 | 15,132 | 17,027 | 18,757 | |
| Automobile Business | 3,108 | 4,014 | 4,323 | 4,364 | 4,367 | 4,743 | 5,028 | 5,199 | 5,323 | 4,790 | 4,546 | 4,074 | 3,687 | |
| Power Products Business | 5,819 | 6,071 | 6,036 | 6,001 | 5,983 | 5,965 | 6,121 | 6,262 | 6,301 | 5,701 | 5,623 | 6,200 | 5,645 | |
| Number of employees | 187,094 | 190,338 | 198,561 | 203,902 | 204,730 | 208,399 | 211,915 | 215,638 | 219,722 | 218,674 | 211,374 | 204,035 | 197,039 | |
| Exchange rate (yen amounts per U.S. dollar) | | | | | Exchange rate (yen amounts per U.S. dollar) | | | | | | | | | |
| Rates for the period-end | ¥82 | ¥94 | ¥103 | ¥120 | ¥120 | ¥113 | ¥112 | ¥106 | ¥111 | ¥109 | ¥111 | ¥122 | ¥134 | |
| Average rates for the period | 79 | 83 | 100 | 110 | 110 | 120 | 108 | 111 | 111 | 109 | 106 | 112 | 136 | |

* The geographic breakdown of sales amounts is based on the location of customers.

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